Austria Sch22; Bahrain Din0.650; Belgium BFr48; Canada C$1.00; Cyprus C£0.75; Denmark DKr9.00; Egypt E£2.25; Finland Fmk7.00; France FFr6.50; Germany DM2.20; Greece Dr100; Hong Kong HK$12; India Rup15; Indonesia Rp3100; Israel NS3.50; Italy L1600; Japan Y500; Jordan Fils500; Kuwait Fils.500; Lebanon $L100.00; Luxembourg LFr48; Malaysia Rin4.25; Mexico Pes300; Morocco Dh6.00; Netherlands Fl3.00; Norway Nkr7.00; Portugal Esc100; S.Arabia Rls6.00; Singapore S$4.10; Spain Pta125; Sri Lanka Rup30; Sweden SKr8.00; Switzerland SFr2.20; Taiwan NT$85; Thailand Bht50; Tunisia Din0.800; Turkey L500; UAE Dh6.50; USA $1.00

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,320 — Tuesday August 25 1987 — D 8523 A

How grand visions failed the US poor, Page 4

World News

## MX missile tests halted 'because of faults'

The MX missile, front-line strategic nuclear weapon of the US, has serious problems with its guidance system and as a result one third of MXs already deployed are not operational, a congressional report said.

The faults have led to a temporary suspension of MX test flights and an internal Pentagon investigation to resolve the problems with the missile's accuracy - supposedly its chief strength. Page 14

### Superchip pact sought

Japan called for more co-operation, not competition, in the worldwide race to find a commercially viable superconductor - a blend of materials that would conduct electricity with negligible power loss at room temperature.

### Brokers arrested

Japanese police arrested five officials of an Osaka brokerage house on suspicion of masterminding a Y2.3bn ($16m) fraud involving the London heating oil futures market.

### Explanation sought

Spain asked Portugal to explain an incident last week when a Portuguese naval vessel fired on a Spanish trawler after an argument over whether it was fishing in Spanish or Portuguese waters.

### Greenpeace protest

Greenpeace protesters were repelled with high-pressure hoses from a chemical waste ship owned by a Belgian subsidiary of the Chicago-based Chemical Waste Management company - as they tried to chain themselves to the vessel in the North Sea.

### Punjab killings

Sikh gunmen killed a leader of Prime Minister Rajiv Gandhi's Congress (I) Party and police shot dead three extremists in Punjab.

### Canadian rail strike

Canadian railway workers went on strike over wages and job security, halting all passenger and freight trains in Canada and commuter trains in Toronto and Montreal.

### Manila murder charges

Two men were charged with the murder on August 2 of Philippines Local Government Secretary Jaime Ferrer. Police were hunting four other suspects.

### Democracy call

Pravda called for officials' terms in office to be limited as one of several reforms to promote democracy and public accountability in the Soviet Union.

### Haiti priests stoned

An anti-government priest and four other clergymen went into hiding after their vehicles were stoned north of Port-au-Prince, Haiti.

### Celibacy attacked

More than 100 married Roman Catholic priests, some with their wives and children, began a week-long congress in a town near Rome to press demands that the Vatican modify regulations insisting on clerical celibacy.

### Airport chaos

About 10,000 stranded tourists camped overnight at Palma de Majorca airport, Spain, as charter companies worked to clear a flights backlog caused by an air traffic controllers' strike.

### Plea for hostages

The wives of four foreigners abducted in Moslem west Beirut seven months ago issued a joint appeal in Beirut for the release of their husbands at the start of the Moslem New Year.

### Wrestler crushed

King Kong Kirk, a 350lb wrestler, was crushed to death by Big Daddy, his super-heavyweight opponent, in front of 2,000 spectators in Great Yarmouth, eastern England.

Business Summary

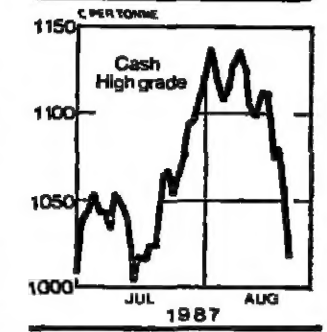
## Daf seeks production increases at UK plants

DAF of the Netherlands is negotiating about a boost in production at the UK assembly plants it acquired in April when it took over the Leyland Trucks and Freight Rover van business. The group believes it might be able to increase its US sales of medium weight trucks. Page 5

NOMURA, the world's largest securities firm, began making markets in London in 10 leading UK equities. It expects at least 50 per cent of its business to come from Japanese investment clients. Page 34

COPPER PRICES on the London Metals Exchange extended last week's sharp fall to reach the lowest levels for more than five weeks and the cash grade A fell

Copper




£39.0 to £1,018.50. As weaknessin the New York market encouraged sellers, London prices were pushed below chart support levels, traders said. Page 22

TOKYO: Investors turned cautious after last week's sharp rises and prices slipped in very thin trading. The Nikkei average dipped 10.66 to 25,754.32. The largest declines were in recently strong large-capitals and steels. Page 34

WALL STREET: By 2pm the Dow Jones industrial average was up 3.19 at 2,712.69. Page 34.

LONDON: The UK securities markets continued their recovery although caution prevailed. A slow start on Wall Street halved the early gains and the market steadied towards the close. The FT-SE index showed a net rise of 19.3 to 2,225.1 and the FT Ordinary index advanced 24.9 to 1,752.1. Details, Page 30

GOLD rose $3.75 on the London bullion market to close at $459.75. In Zurich it also rose to $460.75 ($454.65). Page 22

DOLLAR fell in London to Y141.95 (Y142.70); to DM1.8160 (DM1.8180); to FFr6.0725 (FFr6.0775); and to SFr1.4965 (SFr1.5045). On Bank of England figures the dollar's exchange rate index fell 0.2 to 101.1. Page 23

STERLING rose in London to close at $1.6310 ($1.6290); it also rose to DM2.9625 (DM2.96); to FFr9.9050 (FFr9.90); but fell to SFr2.44 (SFr2.45); and to Y231.50 (Y232.50). The pound's exchange rate index closed at 146.6. Page 23

BELL RESOURCES, resources arm of Robert Holmes a Court's Bell Group which has recently built up a significant stake in the US oil group Texaco, reported a sharply improved afater-tax operating profit of A$100.3m(US$71.6m). Page 16

SCHNEIDER, West German television and electronics group, is to buy a 50 per cent stake in Dual, the record player manufacturer, in a complicated transaction indirectly involving Thomson-Brandt, the French electronics group. Page 17

TRANSAMERICAN Natural Gas, second largest natural gas producer in Texas, has had its reorganisation plan tentatively approved by a Houston bankruptcy judge, ending more than four years of Chapter 11 proceedings.

NORSK DATA, Norwegian mini-computer group, plans to file a registration statement with the US Securities and Exchange Commission for a public share offering in the US and other countries including Norway. Page 17

ATARI Corporation, US personal computer and video game manufacturer, is to acquire a West Coast consumer electronics retail chain for $67.3m. Page 15

# Hasty secret burial for Hess ends day of high drama

RUDOLF HESS, Adolf Hitler's former deputy, was hurriedly buried by his family in a secret ceremony yesterday to stop extremists turning the planned funeral at the family grave tomorrow into a neo-Nazi pilgrimage, writes Peter Bruce in Wunsiedel.

The move ended 24 hours of high drama for the Hess family and stunned authorities in this small, prosperous Franconian town. With the help of hundreds of extra policemen, they had been preparing for an "invasion" of neo-fascists on Wednesday.

Mr Wolf-Ruediger Hess, 49, the former Nazi leader's son, collapsed at home on Sunday night after apparently suffering a stroke. He is in intensive care in a Munich hospital.

Since his father died in West Berlin last Monday, after more than 40 years as an Allied prisoner, Mr Hess had questioned Allied claims that the 93-year-old Nazi leader may have killed himself.

But the British authorities in West Berlin yesterday hardened their earlier hints about suicide by saying "all our evidence...indicates that Hess used an electric extension cord to hang himself and that the cause of death was asphyxiation".

Previously the British, acting as spokesman for the countries that occupy West Berlin - the US, UK, France and the Soviet Union - had said merely that Hess had been found with an electrical cord around his neck.

Becuase of his illness Mr Wolf-Ruediger Hess was unable to attend a press conference he had called for yesterday morning in a Munich hotel. Instead, the family lawyer, Mr Alfred Seidl, who defended Rudolf Hess at the Nuremberg Trials in 1946, arrived to insist that the burial would take place in Wunsiedel tomorrow at 2pm.

He became agitated when asked if the family, by questioning the Allied view that his client had tried to commit suicide, was not generating new heroic legends about Hess.

The enthusiasm being whipped-up among right-wing extremists for the planned funeral had nothing to do with the family, he said, but rather with the Allies who had kept Hess in jail for too long.

He particularly criticised Britian, where Hess was first interned when he flew to Scotland in 1941 on a mission to try and persuade London to make peace with Berlin. Hess had undergone "medical torture" in Britain, Mr Seidl said, in reference to the alleged use of truth drugs.

The British were still refusing to make documents about Hess's imprisonment there public and, he said, they had also played an important role in frustrating efforts to get him released from Spandau prison.

He said the results of a second autopsy on Hess, authorised by the family last Friday, were not yet ready, but claimed he had been present at the private post mortem and that he had seen signs of pressure on Hess's neck.

He said he would not rule out the possibilty that someone in Spandau had helped Hess kill himself. "If he did it himself or whether someone helped him I cannot say."

Mr Seidl said the family had asked the Allies, who now plan to pull down the prison, to show them the room he was found in last week and to let them see the wire discovered around his neck.

The lawyer refused to answer questions about an alleged contract between the Hess family and the Axel Springer publishing group, which is understood to have bought the "rights" to the Hess story. He claimed he knew nothing about such a contract, although he had earlier refused to speak until a Springer representative had arrived.

Later, in Wunsiedel, the mayor, Mr Karl Walters, told journalists that Mr Wieland Hess, a nephew of the former Nazi leader, had telephoned to say the burial had already taken place.

According to Mr Walters, Mr Wieland Hess said: "It was the last will of Rudolf Hess that his burial be performed with dignity, among his family at Wunsiedel cemetery. In view of the developments there (a reference to right wing demonstrations) - over which the family has no influence - we felt obliged to fulfil the spirit of Rudolf Hess's wish. He was buried quietly".

Rudolf Hess's burial has generated almost as much furore as his incarceration. In a plaintive call to journalists rushing out ofthe hall following the Hess statement. Mr Walter said he feared strong right-wing reaction

# Hopes rise for start to negotiations on South African strike

BY JIM JONES IN JOHANNESBURG

HOPES EMERGED yesterday for a resumption of talks to end the two week strike by black South African gold and coal miners following continued violence which has claimed three lives during the past few days.

Mr Bobby Godsell,the chief labour adviser of Anglo America, one of the leading mine houses, yesterday called on the National Union of Mineworkers (NUM) to return to the negotiating table. By late afternoon the union was preparing its response.

Mr Marcel Golding, the NUM's deputy general secretary, said yesterday that the union would not go into talks limited by preconditions.

The union is opposed to a resumption of talks unless they include discussion of the disputed wage increases. The Chamber of Mines and Anglo American have said they are not prepared to discuss the wage issue any further, although they are prepared to negotiate on fringe benefits.

Mr Godsell was ambivalent yesterday when asked if Anglo had shifted its position on talking about wage increases. He restated his company's view that the increases, ranging from 17 to 23.4 per cent, implemented unilaterally by the employers on July 1, were generous. The union is demanding increases of 30 per cent across the board.

Mr Godsell said that the strike had been "expensive for us," adding that what was now needed was an "honourable end to the strike." He declined to say how much production had been lost or specify which of Anglo's mines were on strike.

At the height of the stoppage over 300,000 workers had left the mines. There is no agreed figure between the mine houses and the NUM about how many workers have returned.

Mr Godsell said that "the majority" of employees had begun reporting for work at Anglo American's gold mines and some of its collieries. About 14,000 miners in the Orange Free State had been given a deadline of yesterday to return to work or face the prospect of dismissal.

One man was killed and nine injured as large numbers began reporting for work at the President Steyn mine in the Orange Free State early yesterday morning. Two men were killed at the Western Areas mine on Saturday night in what the company said was fighting between workers and a strike committee.

The NUM said that the violence at President Steyn began after men had refused to return to work and mine security forces had fired rubber bullets at strikers. It added that violence which left an undisclosed number of men injured at Gencor's Kinross gold mine had followed the teargassing of men who had refused to work.

Yes'erday the Chamber of Mines reported that Teba, its recruitment organisation, had sent more than 1,000 Basotho men to the mines from Lesotho. Mr James Coetzer, Teba's Maseru office manager, said that thousands of unemployed Basothos were thronging his office seeking work on the South African mines.

### Minister quits Government

SOUTH Africa's only coloured cabinet minister, the Rev Allan Hendrickse, said he was quitting the Government, accusing President P.W. Botha of insensitivity.

The departure of Mr Hendrickse, a minister without portfolio, would leave only one non-white, Indian Amichand Rajbansi, in the cabinet.

President Botha frequently attacked Mr Hendrickse for criticising apartheid laws and government crackdowns on black unrest, saying the minister was obliged as a member of cabinet to support the Government.

In a letter to Mr Botha, Mr Hendrickse said: "It is obvious that you are not prepared or willing to acknowledge the perceptions and feeling of others if these perceptions are not in line with your own. He did not say whether Mr Botha had accepted his resignation.

# Arabs struggle to bridge policy dispute on Gulf

BY ANDREW GOWERS IN TUNIS

ARAB LEAGUE foreign ministers were last night labouring to bridge their deep disagreements over how to deal with threats from Iran and to prevent the Gulf war from spreading.

As the ministers haggled over the fine print of a declaration drawn up yesterday by a seven-man committee, there was intense pressure from Iraq and its Gulf allies for a strong condemnation of the Tehran Government and apparently equal reluctance on the part of Syria to offend Iran, which it has supported throughout the seven-year conflict.

In New York, Mr Mohammad Jawad Larijani, the Iranian Deputy Foreign Minister, held talks with Mr Javier Perez de Cuellar, the United Nations Secretary General, about Iran's attitude towards the Security Council ceasefire resolution passed in July.

Iran has so far neither accepted nor rejected the ceasefire demand. A UN spokesman said the talks had been friendly and useful and would continue tomorrow.

Mr Tariq Aziz, the Iraqi Foreign Minister, told journalists in Tunis during a break in the emergency session: "There is a strong desire among the majority of Arab delegations to take a strong attitude against Iranian aggression and expansionist policy vis-a-vis Iraq, Kuwait and Saudi Arabia."

But the Iranians - clearly irked by the hostile tone of the Tunis meeting - appeared to be exerting direct pressure on Syria not to go along with any hardline statement.

Mr Ali Akbar Velayati, the Iranian Foreign Minister, told Tehran Radio that he hoped Syria would not abandon its support for Iran and criticised "reactionaries in the Arab world" for trying to drive a wedge between Syria, Libya and Iran.

Mr Farouk al-Sharaa, the Syrian Foreign Minister, has offered to mediate between Iran and Iraq. But he was thought to be extremely unlikely to abandon his country's position over the war, which stems from longstanding rivalry between Syrian President Hafez al-Assad and his Iraqi counterpart, Saddam Hussein.

Any suggestion from Iraq or Saudi Arabia that Arab states should consider breaking diplomatic relations with Iran is likely to be particularly strongly resisted.

Failure to agree on a toughly-worded joint declaration will be a significant setback for Saudi Arabia in particular, which has staked a lot of prestige this week on trying to end the Arab countries' vacillation over Iran.

Prince Saud al-Faisal, the Saudi Foreign Minister, has gone further than ever before in publicly criticising Iran.

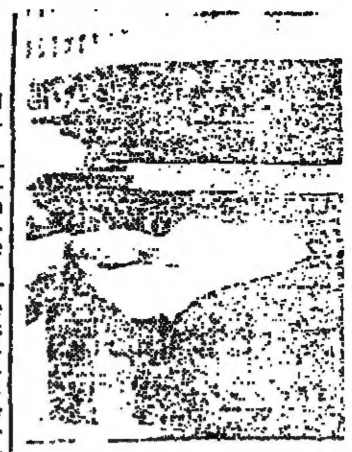
The Saudis have also been trying to revive a long- dormant Arab joint defence pact under which an attack on one Arab country would be regarded as an attack on them all.

The idea was reported to have been formally raised yesterday by Somalia, a Saudi ally.

Saudi Arabia and Kuwait

Continued on Page 14

Arab fears grow, Page 3; oil prices slide, Page 14



## English breakfast post haste

By David Thomas in London

GLASNOST, the spirit of openness which is stirring up the Soviet Union, has been turned towards the humble British mail.

Mr Anatoly Rubinov, a correspondent for the respected Soviet journal Literaturnaya Gazeta, was recently sent to London to study, in his words, "the much vaunted English postal service."

Mr Rubinov's despatch has just been published and makes bleak reading for the commissars of the Soviet postal system.

Before getting down to business, however, Mr Rubinov had to cope with culture shock. First came the discovery that "the fat red cast-iron pillars along the pavements really were letter-boxes."

Then he ran up against London's courier services: "Insolent youngsters dash backwards and forwards across London overtaking limousines, weaving dangerously, fitted out as if they were cosmonauts."

Yet, despite these English phemonena, the British letter service emerged with high marks from the scrutiny of Mr Rubinov, who has a reputation for uncovering deficiencies in the Soviet way of doing things.

On arriving in Britain, Mr Rubinov carried out a test: he posted three first class letters from different parts of central London addressed to himself at his hotel.

Each carried a different message, the first reminding him: "Don't forget to have your breakfast, old mate, don't try and save money by going without your food."

He was impressed to be awoken at eight the next morning by "a man of African extraction" carrying two trays: one with his breakfast and the other with the three letters.

Back in Moscow, Mr Rubinov carried out a similar test, sending out 100 letters to addresses around the capital: "not one arrived the following morning, 17 arrived in the evening. 46

Continued on Page 14

# Western creditors declare N Korea in formal default

BY STEPHEN FIDLER, EUROMARKETS CORRESPONDENT, IN LONDON

NORTH KOREA'S Western commercial bank creditors have declared the country in formal default on a major part of its commercial debt.

The declaration clears the way for the banks to seek writs in the London High Court to allow the seizure of North Korean assets in the UK, including gold the Government is thought to hold in the vaults of London gold dealers.

Court action would then be likely to follow in other countries where North Korea is believed to hold assets, such as Switzerland, France and Austria.

Formal default is rarely declared against a sovereign borrower and has, in fact, never been called against any country since the Third World debt crisis was triggered in 1982.

Strictly speaking, it can be called if any repayment of principal or interest is late, but bankers usually prefer to negotiate some kind of settlement.

The fact that North Korea has been called into formal default reflects the banks' frustration in dealing with the borrower.

The loans in default total some DM1.4bn ($2.57bn) lent by two bank syndicates in the mid-1970s, one led by Morgan Grenfell of the UK and the other by the Australian and New Zealand Banking Group.

The two bank groups, comprising about 140 lenders, are working closely together in an attempt to secure writs. The banks come from most western countries except the US, where banks are forbidden by law to have dealings with North Korea.

After several reschedulings, the last in 1984, North Korea's last repayment on either loan was in March 1984. Before that, interest payments were irregular and banks have never received any repayment of principal.

North Korea's only other major commercial debts are thought to be to Japanese creditors, thought to be owed DM1-2bn. It is not clear what will be the Japanese reaction to the default declaration.

Under the default procedures, the banks called last month for all overdue payments to be made. If this is not done within a specified time, usually 30 days, then a default declaration can be made.

North Korea does not have major trading relations with the West, although it is an exporter of gold. Bankers say up to two tonnes, worth about $30m, may be exported monthly to Western markets, trade which they could jeopardise with court action.

Bankers close to the issue, who asked not to be idenitifed, said it had become clear in recent talks that North Korea had wanted new funds from the banks. In view of the North Korean payments record, they were unwilling to go along with this.

The action is being taken in London because English law governs the loan agreements. There is an advantage to the banks in that writs do not have to be served in person to be effective, as in some other jurisdictions.

The bankers said they had been advised that obtaining the writs was unlikely to be a lengthy procedure. There would, for example, probably be little difficulty in establishing questions of ownership because the Communist Government would presumably be deemed the borrower and owner of all the country's foreign assets.



CONTENTS

# Big fall forecast in cost of N-reprocessing

BY GEORGE GRAHAM IN PARIS

THE COST of reprocessing used nuclear fuel will fall by 30-40 per cent by the end of the century, according to Cogema, the French state-owned company which is currently the world's main reprocessor.

Mr Claude Aycoberry, director of reprocessing at Cogema, said yesterday that the price could fall from its current level of FFr 6,000 (£60) a kilogram to between FFr 3,600 and FFr 4,200 as the investments made in the company's fuel recycling plants was written off. The fall should persuade more electrical utilities to reprocess their nuclear fuel, since the price differential between reprocessing and storing spent fuel would move substantially in favour of the former, he told a conference in Paris on nuclear fuel reprocessing and waste management.

Mr Aycoberry said that other reprocessing plants coming on stream did not represent a competitive threat for Cogema, which currently claims to account for around 80 per cent of the FFr 3bn-FFr 4bn world reprocessing market. "Our competitor is not other recyclers, it is non-recycling," he said.

Cogema's La Hague reprocessing plant, which is being expanded to a capacity of 1,600 tonnes a year by 1992, has a full workload at least until the end of this decade, according to Mr Aycoberry. By 1995, total world production of spent fuels is expected to reach 7,000 tonnes a year, compared with reprocessing capacity of 4,000 tonnes a year, following the entry into service of reprocessing plants in Japan, West Germany, the UK and France.

Mr Jean-Pierre Capron, director of France's Atomic Energy Commission, added that reprocessing was "the only responsible approach to adopt from the point of view of future generations." Stockpiling was a "trompe l'oeil solution," he said, since the Western world by 1990 would have nearly 55,000 tonnes of spent fuel to deal with, and close to 125,000 tonnes by the year 2000.

Cogema officials said that a good half dozen countries which at the moment do not reprocess their spent nuclear fuel were considering doing so. A reprocessing plant could not be run economically for less than 25,000 or 30,000 mW of nuclear electricity output, they said, so many of these countries were likely to choose to send their spent fuel to one of the existing reprocessing plants.

# Croupiers strike for better odds

By Our Cannes Correspondent

THE ROULETTE wheels have spun to a halt at the third most important casino on the French Riviera just two weeks after it was taken over by an Anglo-French consortium. All 130 croupiers and gambling staff at the Palm Beach Casino in Cannes have gone on strike, claiming that the wheel of fortune is coming to rest too often in management's favour.

Ostensibly, the dispute is about the introduction of fruit machines and a miniature version of roulette known as "roulette anglaise." The croupiers, who are unsalaried and make their money from tips, say that the innovations are lowering the tone of the establishment by attracting "a different sort of clientele."

Perhaps more to the point is their claim that the new games will increase profitability for the casino to the detriment of their pockets. They rue the day, three years ago, they signed an agreement giving management a 10 per cent kick-back on their earnings.

Slot machines are being allowed for the first time in France after much public debate. The fad for mini-roulette, involving a small table for only seven players, with just one croupier, is coincidental.

Normally at this time of year the casino is packed with high-spending tourists and Gulf Arabs dispensing their petro-wealth in the traditional way at the big tables. But so far, it has been a poor season, with most Middle Eastern visitors keeping an uncharacteristic low profile.

East not only meets West across the green baize here. More than Monte Carlo and Nice, Cannes is where Iranians, as well as Iraqis, Saudis, Bahrainis, Kuwaitis and Omanis may be seen congregating to bury their differences in the common pursuit of profits, wealth and happiness.

The resort's problems have been exacerbated by the decision of King Fahd to call home all the holidaying Saudi royalty, whose departure last week from their hillside palaces here caused an immediate downturn in the resort's economy.

Palm Beach Casino is one of seven throughout France now owned and managed by the Societe des Hotels et casino in France, at Divonne, group formed as the result of a deal between British and Commonwealth holdings and leading French industrialist Lucien Barriere. Its portfolio includes the premier casino in France, at Divonne, as well as one each at Trouville and Enghein. Combined turnover is more than half the nation's annual £85m gaming "take."

All that a spokesman for the management would say yesterday was that installation of the new games was continuing.

## Portuguese trade gap

Portugal's trade gap widened by 48.6 per cent in the first half of this year, reaching a total deficit of Es 273.7bn (£1.16bn), writes Diana Smith. Imports grew by 26.9 per cent to a total of Es 889.4bn, while exports went up 18.9 per cent to Es 615.7bn.

# EC anti-trust rules may blunt red-tape cuts

BY WILLIAM DAWKINS IN BRUSSELS

EUROPEAN Commission competition authorities will find it increasingly hard to avoid running into conflict with their own colleagues' attempts to cut regulations for small businesses and technology development.

That warning is a main theme of an independent critique of EC competition policy over the past year by Belmont, a Brussels-based law firm. It fears that the Commission's tough stance on enforcing anti-trust rules could contradict recent EC moves to make life easier for small businesses and to encourage research collaboration between European enterprises.

"The Commission must be careful to avoid inconsistency with its opposition to restrictions and abuses," says the Belmont study. It concedes, however, that the Brussels executive can be flexible, as shown by draft proposals to give block exemption from EC competition restrictions for know-how licensing agreements and franchising deals.

The report says that some industrialists doubt whether the know-how regulation is workable in its present form. It argues that the franchising proposal is "unnecessarily bad so long as the Commission uses them to develop its ideas, but Brussels "must be careful to remain open to the views of industry . . . to achieve a balance," says the study.

Another important feature has been the growing divergence between anti-trust policies in the EC and the US, one of the few areas where the Community does not seem to look across the Atlantic for inspiration. The Commission is becoming far more active in chasing up anti-competitive practices and in trying to widen the scope of competiton policy to areas like airline and insurance, while the federal enforcement of US anti-trust law is dclining, claims the report. This is most true in the case of so called vertical arrangements, involving link-ups between companies at varying stages in the commercial chain, like producers and distributors.

The reason for the difference in approach, Belmont says, is that the Commission considers competition policy a key part of its campaign to create a genuinely free internal market by 1992 — of a type which has existed for years in the US. The report predicts: "From broadcasting to payment cards, from unified financial markets to telecommunications, competition will play a key role in shaping the legislative framework and the ground rules for the development of the internal market."

*The European Community: 1986 review and 1987 propects — competition/anti-trust overview. Available from Belmont European Community Law Office, 118-128 Avenue de Cortenbergh, Bte 6, 1040 Brussels, Belgium.*

# Pravda calls for limited terms in office for Soviet officials

THE COMMUNIST PARTY newspaper Pravda yesterday called for the term in office of Soviet officials to be limited as one of a number of reforms for introducing more democracy and public accountability in the country, Reuter reports from Moscow.

Pravda also advocated a nationwide public opinion polling system, live television coverage of meetings of government bodies and greater tolerance of minority views.

The article, signed by Mr Eduard Kuzmin, an official attached to the Presidium of the Supreme Soviet, the highest state body, said expanded democracy was the essence of the reform drive by Mr Mikhail Gorbachev, the Kremlin leader.

"Either democratisation or social inertia, stagnation and conservatism – this is how the party puts the question today," the newspaper said.

Pravda sharply criticised the Soviet tradition of adopting decisions by unanimous vote at meetings of elected assemblies.

The practice has led to the description in the West of the Supreme Soviet, or parliament, as a rubber-stamp body.

It said the public must have a real choice of candidates for elections and a say in decisions about removing officials who were not doing their jobs properly.

Pravda called for transfers of Moscow-based officials to other regions and "a procedure through which the stay of officials in their posts would be limited to a term fixed in advance" to improve the workings of government.

Mr Gorbachev has quietly pushed for the tenure in office of Communist Party officials to be limited but fixed terms for these jobs have yet to be introduced.

Analysts said the Pravda article was a signal that the subject was again being discussed at a high level. But they said it suggested the problem was being approached indirectly as the newspaper's proposal for limited job terms applied only to non-party officials.

Many members of the policy-setting Central Committee are believed to oppose such a move because they risked losing their posts.

Pravda said public feeling could be better assessed through the creation of a unified opinion polling system.

It also called for consultations between the Government and representatives from public organisations, the arts, industry and independent groups of working people.

Pravda proposed live television broadcasts of meetings of the Supreme Soviet, ministries and local government bodies – including question-and-answer sessions between the public and government leaders – as a means of enhancing "direct democracy."

It said democracy required a more ethical, just and decent approach to minority opinions.

It added: "In this respect it is important that the state and people associated through their work show patience toward differing, at times even erroneous, points of view and that they guarantee the protection of people who appear – to be in the minority."

The Pravda article centred on themes in Vladimir Lenin's "State and Revolution," written by the future founder of the Soviet state in August 1917 and published after the Bolshevik revolution which brought him to power two months later.

# Bonn row brews over Pershings

WEST GERMANY's opposition Social Democratic Party said yesterday it would call a special parliamentary session to debate the Government's insistence on holding on to its ageing Pershing 1A missiles, AP reports from Bonn.

The Social Democrats have claimed Bonn's stance on the rockets is hindering an East-West disarmament agreement at the Geneva arms talks.

The Social Democrats' executive board called for the parliamentary debate on the issue in the hope of forcing the Government to alter its stance on the missiles.

"An agreement between the United States and the Soviet Union over the scrapping of land-based medium- and short-range missiles must not be allowed to be delayed or blocked by (the Bonn Government's) stance on the Pershing 1A's," the Social Democrats said in their petition for a special parliamentary session.

The Soviet Union has said it would not sign an accord at the superpowers' Geneva arms talks unless the Pershing 1A system was included.

Moscow negotiators say because the nuclear warheads for the short-ranging Pershing rockets are US-controlled, they are a US weapons system.

But the US, backing West Germany and its other Nato partners, has said the missile system is German, and therefore not a part of the Geneva talks.

West Germany has insisted it would hold on to the ageing Pershing 1As, and retain the right to modernise them when they are taken out of service in the early 1990s.

# Belgrade reform causes job losses

YUGOSLAVIA'S new bankruptcy law will leave over 4,000 workers in the republic of Montenegro without jobs, AP reports from Belgrade.

Some 2,100 workers have already been made unemployed after two major enterprises, the Titograd construction company and the Suplja Stijena lead and zinc mine, shut down last week because of accumulated losses, according to the official Tanjug news agency.

Tanjug said two more enterprises in the poor Montenegro region, the Celuloza paper factory, employing 1,600 people, and the Brskovo mine, with 650 workers, were due to close.

The four enterprises had accumulated losses of more than 19bn dinars, it said. Union officials have said that 7,000 firms with 1.5m workers are loss-making.

Prime Minister Branko Mikulic, struggling with 105 per cent inflation and $20bn foreign debt, warned in February that unprofitable firms could no longer be bailed out and would have to be shut down.

Tanjug said the unemployed workers would be guaranteed monthly compensation of 41,000 dinars, subsidies for electricity and priority for employment.

# Second quarter growth up strongly in France

BY GEORGE GRAHAM IN PARIS

THE FRENCH economy expanded sharply in the second quarter after stagnating in the first three months of the year. France's gross domestic product grew by 0.8 per cent in the second quarter, the state statistical organisation Insee announced yesterday, after remaining flat in the first quarter.

In the first six months of 1987 the economy grew at an annualised rate of 1.4 per cent, Insee said, compared with 2 per cent in the whole of 1986 (revised downwards from earlier estimates of last year's growth). Insee recently forecast growth of 1.3 per cent for the whole of 1987.

The figures suggest that growth for the whole of 1987 may be better than expected.

The recovery in the second quarter of the year was due to the improvement in manufacturing output, up 1.9 per cent in the quarter after a sharp fall in the previous three months period. The motor industry continued to expand, while production of intermediate goods grew by 2.9 per cent

# Moscow denial over Gorbachev

THE Soviet Union has denied a report that Mr Mikhail Gorbachev will visit the US next month for talks with President Ronald Reagan in Washington on a missile accord, writes Our Moscow Correspondent.

Mr Gennedy Gerasimov, the Foreign Ministry spokesman, described the report in Sunday's edition of the Los Angeles Times as "completely unfounded." The newspaper had quoted informed sources as saying that Mr Gorbachev would attend the United Nations General Assembly session in New York in late September and go on to Washington to meet Mr Reagan.

It said the Soviet leader also planned a stay at Mr Reagan's ranch near Santa Barbara, California, and that US officials had agreed to a Soviet request for Mr Gorbachev to visit Silicon Valley.

"Mr Gorbachev has no immediate plans to ride horses in the hills of Santa Barbara," said Mr Gerasimov who, since taking over as Soviet information chief last year, has frequently exercised his off-beat sense of humour. "He's not going to the United States, at least not immediately." The newspaper's report was also denied earlier by the US State Department and the White House.

Mr Reagan invited Mr Gorbachev to visit the US when the two leaders first met in Geneva in November 1985. But Moscow said a US summit would be possible only if an arms accord were virtually ready for signing, and, as the superpower arms talks in Geneva dragged on, the second Reagan-Gorbachev meeting was held in Reykjavik last October.

After nearing agreement on eliminating all US and Soviet intermediate-range nuclear missiles, the two sides are now stalled on the question of 72 West German Pershing-1A missiles armed with US-owned nuclear warheads.

# Baltic demonstrators discover the limits of glasnost

NATIONALIST demonstrations in the Soviet Union's three Baltic republics over the weekend have underlined that the Kremlin's new policy of openness can have unpredictable and undesirable consequences for the authorities, Reuter reports from Moscow.

The protests in Lithuania, Latvia and Estonia also served as a reminder that, out of the more than 100 nationalities in the Soviet Union, the three Baltic peoples harbour particularly strong national feelings.

Hundreds of Lithuanians, Latvians and Estonians gathered on Sunday in their capitals—Vilnius, Riga and Tallinn—to mark the 48th anniversary of the 1939 Nazi-Soviet pact that led to the incorporation of the republics into the Soviet Union. The Soviet media denounced the protests as Western-inspired provocations but—in the spirit of Mr Mikhail Gorbachev's campaign for glasnot (openness)—they were allowed to proceed without police intervention.

"It is a paradox of glasnost," said a diplomat who follows Baltic affairs closely. "Moscow says people are free to speak about their problems. So the Balts do exactly that, and suddenly you have demonstrations, which Moscow does not like."

Other Soviet nationalities have used the new freedom under Mr Gorbachev to air grievances. Kazakhs demonstrated in their capital, Alma-Ata, last December, and Crimean Tartars last month staged protests in central Moscow. Official Soviet newspapers have also reported nationalist tensions in the Central Asian republics of Tadzhikistan and Kirgizia and in Moldavia, which borders Romania.

> Nationalist dissent has continued in the Baltic area since the 1950s, when Moscow finally crushed armed resistance to Soviet rule imposed during the war by secret agreement with Nazi Germany

The three Baltic nations, however, are a special case. Geographically and in terms of history, culture and religion, they are the most Western of the 15 Soviet republics, and their standard of living is the highest in the Soviet Union. They were independent states between the two world wars but were incorporated into the Soviet Union in 1940 after the Soviet Union and Nazi Germany signed secret protocols on August 23 1939, assigning them to the Soviet sphere of influence.

The Soviet authorities are adamant that the Baltic states joined the Soviet Union of their own free will. But the United States, as well as the Vatican, does not officially recognise Soviet rule in the three republics. Nationalist dissent has continued in the Baltic area since the 1950s, when Moscow finally crushed armed resistance to Soviet rule. Some Balts say they want national independence, although they are vague as to how this could be achieved.

In Vilnius, where Western reporters witnessed Sunday's protest, several Lithuanians made the point that their action would have been unthinkable in the tighter political climate that preceded Mr Gorbachev's assumption of office in March 1985.

One middle-aged woman, who said she was a Communist Party member and fully supported Mr Gorbachev, remarked: "Of course, Lithuania should be independent. But I do not want a bloody struggle. That is a terrible idea."

Some Western visitors to the Baltic republics have detected anti-Russian feelings among the local people but, out of about 15 demonstrators interviewed in Vilnius, not one said he viewed the protest as directed against Russians. Indeed, one Russian who addressed the crowd spontaneously in Vilnius drew applause when he said he sympathised with Lithuanians because his father, like many local people, had been sent to a labour camp under Stalin.

His remark spotlighted a delicate problem for Mr Gorbachev. He has won enthusiastic support from Soviet intellectuals for urging that the truth be told about dark periods in the country's past such as Stalin's repressions. But this campaign has encouraged nationalities who suffered under Stalin — like the Crimean Tartars, deported from their homeland in 1944, and the Baltic peoples — to press for change in the hope that they will not be punished.

One Lithuanian demonstrator in Vilnius said: "I came here because I thought that now it is not dangerous." Then he added with a wry smile: "At least, I hope it is not dangerous." The comment underlined that, in the changing times under Mr Gorbachev, many Soviet people are unclear where the authorities have drawn the line between what is permissible independent public activity and what is unacceptable dissent.



# Ozal pledge on Turkish privatisation programme

By David Barchard in Ankara

THE TURKISH Prime Minister, Mr Turgut Ozal, has promised that full scale privatisation operations will get under way this autumn.

The government plans to place shares in a wide range of public sector industries and services on the market. These will include five state-owned cement plants, hotels operated by the Tourism Bank, ground services at Turkish airports, Bogazici Air Freight, a subsidiary of Turkish Airlines, and two large corporations: Sumerbank, the country's largest textiles producer, and Petkim, a petrochemicals corporation with plants outside Istanbul and Izmir.

The first step in the privatisation operation should come this week when the Government is expected to sell its stake in six blue chip private sector companies, including Arcelik, a white goods concern belonging to the Koc Group, the Eregli Iron and Steelworks, and Cukurova Elektrik, Turkey's main private sector power producer.

Though prices of other shares dipped on Monday in anticipation of the sell-off, the Government's privatisation chief, Mr Cengiz Israfil, told reporters that the first sale of stock had been delayed, apparently to prevent any disruption of the market.

The sale of equity in the public compnies will proceed in several stages, with shares being offered to employees, Turkish workers abroad, and foreign investors. "Our aim is to make ordinary people the real masters of the Turkish economy," Mr Ozal said.

There seems little doubt that some of the enterprises—the cement plants and the Tourism Bank hotels for instance—will quickly find buyers. But there is doubt about the larger and more cumbersome public corporations, such as Petkim.

However, the Government's announcement has come at a time of unprecedented public interest in the Istanbul Stock Exchange on which the shares will be sold. The value of most of the shares of the 45 companies traded there have been rising so sharply in recent weeks that dealers have been publicly expressing fears of a crash.

The market revived strongly on Friday after falling heavily in the middle of the week. Crowds of spectators formed in the street around the Istanbul Stock Market building, waiting to see how shares performed before the market closed for the weekend.

The rise in the values of shares of the major companies has proved dizzying for many of them. Anadolu Cam, the country's main glass-maker, has seen its shares go up by 937 per cent since the start of the year, while those of Nasas, the main private aluminium producer in Turkey, have gone up by 656 per cent. Most other large concerns can tell a similar story.

If the new-found enthusiasm of Turkish savers for stocks and shares continues, the chances of a series of successful privatisation operations this autumn will be much greater than most Istanbul businessmen would have believed a year ago.

Hawke: received rebuff from Victoria

# Hawke confronts Labor policy on privatisation

BY CHRIS SHERWELL IN SYDNEY

ANOTHER VINTAGE row is breaking out in Australia's ruling Labor party, this time over privatisation of government owned assets and enterprises. It has been deliberately started by Mr Bob Hawke, re-elected as Prime Minister last month, and he seems to be revelling in it.

"That's the first stanza," he said yesterday in the wake of a unanimous rejection of privatisation by the Victorian branch of the Labor party over the weekend. "It's early days yet."

Mr Hawke's apparent aim is to secure a reversal of Labor policy, which not only rejects privatisation but also calls for "democratic socialisation of industry, production, distribution and exchange." The debate is scheduled to culminate in a decision next June at Labor's biennial conference.

That a reversal is sought reflects the tightening constraints on government finances caused by the country's unsustainably high current account deficit. Put simply, the government must make its spending more efficient, and privatisation offers one way of doing it.

The process has already been set in motion with the controversial announcement that the Canberra government will dispose of $1bn in assets in the current financial year.

Up for sale are eight international airline terminals, an aircraft factory and an arms depot, a large fragment of the Tokyo embassy, the ambassador's residence in Paris and government offices in Sydney and Melbourne.

Ten days ago, however, Mr Hawke gave an undertaking that the sale of federal government enterprises and assets would be fully debated within the party before any decision was made. It was apparent that much larger disposals were being contemplated.

Among the most important are Qantas, the international airline, Australian Airlines, one of two domestic airlines, the Commonwealth Bank, Telecom Australia and the Overseas Telecommunications Commission.

Separately, privatisation moves by Australia's state governments are also on the cards.

Predictably, merchant bankers and brokers are jostling for position as they seek a share in the fees bonanza which would accompany a substantial privatisation programme.

But among Labor activists, reaction has been negative. Some trade union officials have warned that the plan would split the party and say they will work against it. A suggestion has surfaced that funds from a national superannuation scheme be directed into any privatised entities.

More formal union consideration of the idea will come at a conference of the Australian Council of Trade Unions next month.

Party reaction has also been negative, and emerged most clearly at the meeting of the Victorian branch, which Mr Hawke himself addressed.

Two tests had to be applied in determining public ownership, he said. Were significant functions undertaken which the private sector would not perform? If not, what were the disadvantages of retaining public ownership?

The question, he insisted, was not whether a given enterprise should be sold, but whether the government's resources should be tied up in it.

> The question, Mr Hawke insists, is not whether an enterprise should be sold, but whether the Government's resources should be tied up in it.

Despite his arguments, the conference passed motions against privatisation, including one backed by the Prime Minister's own centre-right party faction, a move seen as an embarrassing rebuff.

Of the candidates for privatisation, Australian Airlines looks the most compelling because the government has committed itself to ending the two-airline policy under which only Australian Airlines and the privately-owned Ansett fly on main trunk routes.

Indeed, there is even some suspicion that Mr Hawke may decide not to push for the privatisation of other entities in order to be sure of selling off Australian Airlines.

Either way, he has been leading from the front on the basic issue, and Mr Paul Keating, the powerful Treasurer who is now preparing next month's budget, has a much lower profile.

For Mr Hawke, this is unusual—normally his preference for "consensus" politics means he steps in at a later stage of a controversy, and as Prime Minister he has rarely initiated what amounts to a ten-month internal party wrangle.

But Mr Hawke is clearly buoyed by the historic third successive term and the increased parliamentary majority which Australian voters gave Labor at the election.

He quickly followed this victory with a restructuring of the civil service and a highly visible intervention in the complex exchanges among Labor's entrenched parliamentary factions to secure a Cabinet near to the one he wanted.

Now his privatisation initiative, while provoking heated party argument, also promises further economic reform if he can carry it through.

# Sri Lankan monks to carry identity cards

BY MERVYN DE SILVA IN COLOMBO

SRI LANKA'S Buddhist monks will have to carry identity cards issued to them by the commissioner of buddhist affairs. The Government will give top priority in the parliamentary time-table to a bill that has already been drafted, said Mr E. L. B. Hurulle, Minister of Culture, speaking from his hospital bed.

He was one of the ministers injured in the grenade attack in parliament on August 18, following an attempt to gun down President Jayewardene. Hundreds of young monks participated in the riots that marked Mr Rajiv Gandhi's visit to Colombo to sign the Indo-Sri Lanka peace accord.

Last weekend, Lieutenant-general Cyril Ranatunge, head of the "joint operations command" visited the Mahanayake of Asgiriya, Venerable Palipane Chandananda, the most influential of the islands prelates, in the sacred city of Kandy. Asgiriya and Malwatte, the two main buddhist "chapters," based in Kandy, oversee the largest number of temples in Sri Lanka where Buddhists make up 70 per cent of the population.

Gen Ranatunge explained to the Venerable Chandananda that "subversive" organisations had dressed its young activists in the traditional saffron robe and scores of such "monks" had been involved in the riots.

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# Spycatcher ban lifted on HK newspaper

BY DAVID DODWELL IN HONG KONG

A HONG KONG High Court judge yesterday lifted an injunction restricting the Territory's leading English language Sunday newspaper from publishing extracts from the book Spycatcher.

Referring to Hong Kong's unique political situation, and extreme public sensitivity over anything that "fettered the free flow of information," Mr Justice Barnett said the reasons relied upon by Britain's Law Lords to prevent newspapers from publishing extracts from the book "could not be applied to Hong Kong."

In a nine-point judgment that took one hour to deliver, Mr Justice Barnett said the ruling would not be enforced until tomorrow, allowing time for Mr Robert Ribeiro, counsel for the British Government, to consult with London on whether it wanted to appeal the ruling.

In the event of an appeal, Hong Kong's court of appeal would sit immediately, aiming to present a final judgment before the weekend — in time for the Sunday Morning Post to go ahead with plans to publish extracts in its forthcoming edition.

Controversy over Peter Wright's book erupted at the beginning of August when the British Government succeeded in winning an injunction against publication of extracts. First extracts had appeared in the Sunday Post's last edition in July. Soon after the injunction, controversy was fuelled when at least two leading bookshops began selling copies of the book.

Mr Justice Barnett said yesterday that the balance of evidence fell in favour of the Sunday Post. He said Britain's Attorney-General had an arguable case on the grounds of breach of confidentiality, but insisted that it was difficult to say whether irreparable harm would be done by publication in Hong Kong.

He said the issue of freedom of speech had been a "powerful determinant" in his ruling. Press freedom was not asbsolute in the British Territory, but its unique political situation — with sovereignty being returned to China in less than 10 years—made press freedom a more than usually sensitive issue.

Mr John Dux, editor of the Sunday Post, said he was delighted by the ruling, saying it was evidence of independence in the local judiciary that provided "a vote of confidence in Hong Kong."

# Suharto rejects claims over charitable funds

BY JOHN MURRAY BROWN IN JAKARTA

PRESIDENT SUHARTO of Indonesia has rejected charges of embezzlement of charitable funds controlled by his wife and has ordered the publication of a full financial report.

In his first public statement on the subject, delivered over the weekend, the Indonesian leader shrugged off allegations about the so-called "Mutual Help Foundation" administered by Mrs Tien Suharto and several other members of the president's family.

In calling for a full inquiry, President Suharto said: "This will allay suspicion whether the funds raised have been spent on personal and family interests."

The Foundation is one of several charities set up to raise money for the victims of natural disasters and groups such as students, Moslems, the disabled and retired soldiers. Hitherto no figures on the amounts raised by such organisations have been publicly available.

But on Sunday President Suharto said the charity had received Rs 12.7bn in the last 16 months all of which was deposited in Jakarta banks. He also confirmed that only Rs 5bn had so far been distributed.

**Andrew Gowers** in Tunis reports a mood of alarm at the meeting of the Arab League states

# Arab fears grow over escalation in Gulf war

AN UNMISTAKABLE atmosphere of alarm spread through the meeting of Arab League Foreign Ministers, continuing in Tunis last night, at the prospect of an escalation and extension of the Gulf war and at the deep disarray which the seven-year-old conflict has exposed in Arab ranks.

With a rare turnout of 19 ministers at the emergency session, the most conservative of Arab states felt emboldened to make pronouncements of a quite surprising ferocity against Iran.

There were also suggestions that Saudi Arabia was leading an effort to revive a joint Arab defence pact signed in 1950, which would enable the Arab world to rally firmly behind Iraq while implicitly warning Iran against spreading the war.

Prince Saud al-Faisal delivered a strong attack on Iran. He said Arab states should "adopt a unified Arab position because it is clear that Iran does not want to stop its war and wants to expose the whole region to the danger of foreign intervention." He accused Tehran of laying mines in the waters of the Gulf, of intervening in internal Lebanese affairs, and of adopting terrorist practices which were against the nature of Islam. He said it was inevitable that the Arab world's relations with Iran would be affected.

Perhaps most scathingly, he declared: "It maintains links with Israel while hiding behind the slogans of Islam."

**US warships warned off an approaching Iranian frigate in the southern Gulf yesterday. It was the first brush between the two navies since the US began escorting Kuwaiti tankers through the Gulf in July, Tony Walker writes from Bahrain.**

**The incident occurred just north of the Strait of Hormuz as a US-escorted convoy—the fourth since the reflagging operation began — prepared to slip out of the Gulf in broad daylight. The Iranian frigate at first ignored US warnings to stay away, insisting it was in international waters, but when two helicopter gunships took off from the marine assault vessel USS Guadal Canal, the small vessel veered away.**

**Meanwhile, the US-escorted convoy passed without incident through the Strait of Hormuz. The convoy included the 401,382-tonne supertanker Bridgeton holed by a mine in the northern Gulf on July 24, and three smaller Kuwaiti vessels flying the Stars and Stripes. The 600-ft Guadacanal, which is providing a platform for mine-hunting helicopters, remained in the southern Gulf.**

**It may be awaiting a fresh convoy of Kuwaiti tankers to pass through the Strait of Hormuz on its way up the Gulf. Yesterday's close encounter occurred in an area where the Iranian Navy conducts regular patrols in an attempt to deter the shipment of arms to Iraq by way of Kuwait. Iranian warships regularly stop vessels in the southern Gulf in search of weapons.**

Mr Chedli Klibi, secretary general of the Arab League, said: "Iran engaged in raising the temperature of hostilities and jeopardising the stability of our states, closing the region and others, creating new complications and multiplying threats."

The Arab League has been fruitlessly debating the Gulf war ever since the bloody conflict began. But there was a new edge to the debate. In short, the fact that Iran has broadened its threats from Iraq to include other Gulf states—principally Kuwait and Saudi Arabia—has provoked a closing of ranks and a hardening of faces.

"With the brother state of Kuwait facing such threats, this meeting is aimed at showing without ambiguity that the security of this country is the responsibility of all our states together," declared Mr Klibi.

Even countries far from the Gulf claim to have their own reasons for fearing current developments. Tunisia, which called the meeting, is currently facing a serious challenge from what it believes to be Iranian-inspired Islamic fundamentalists. The Tunisian Foreign Minister, Mr Hedi Mabrouk, did not waste the opportunity of linking the threat in the Gulf with his country's domestic troubles.

Worries about domestic stability and growing extremism afflict just about every Arab state. In spite of their disarray, they all cling to the belief that, historically and culturally, they belong to one nation. They are all acutely aware that a serious upset to the fragile established order in one of their number could prove infectious.

There is also widespread and genuine outrage at Iran's role in the Mecca riot a few weeks ago, in which 402 people died in clashes between pilgrims and Saudi police. Saudi Arabia appears to have achieved fairly solid backing on this issue.

Yet amid the outward display of unity and anger, there remained one big obstacle to fashioning a really decisive common stand: the position of Syria, which is still allied with Iran.

Consistent support for Tehran over the Gulf war from the Damascus regime—perhaps the Arab League's most influential member given the current suspension of Egypt—has been the biggest single source of disarray in the Arab world for years. It has enabled the Iranians to claim that the conflict is not, as Arabs sometimes say it is, a modern version of the age old battle between Arabs and Persians.

There was every chance yesterday that Syrian reluctance to alienate Iran — supported to some extent by Libya and Algeria—would water down the Arab consensus. This would be particularly damaging at a time when a majority of League members desperately want to display a united position in support of enforcing last month's UN Security Council call for a ceasefire in the Iran-Iraq war.

Mr Farouk al-Sharaa, Syria's Foreign Minister, was the object of a tug-of-war in Tunis. The Arab Gulf states have offered his boss, President Hafez al-Assad, enormous inducements—financial and otherwise — to mend fences with President Saddam Hussein of Iraq.

Iran has wielded equally strong psychological pressure—and offered economic incentives of its own, such as free oil—to keep the Syrians on board, most recently with a direct appeal from Mr Ali Akbar Velayati, Iranian Foreign Minister, on Sunday night. Syria, he said, should not allow itself to be influenced by "reactionaries in the arab world."

Chedli Klibi, Arab League secretary-general

In spite of the prolonged "secret" meeting between the two leaders in the Jordanian desert last April, all the Arab blandishments have been to little avail. But there is no doubt that the close relationship with Tehran has become something of an embarrassment for Damascus.

It is probable that, although Syria may go along with limited condemnations of Iran for occupying Arab territory, the roots of its rivalry with Iraq run too deep for it to disengage completely from its ally.

So long as that remains the case, the Arab world will still find itself in disarray in confronting Iran.

# Battle for Jerusalem's soul

BY ANDREW WHITLEY IN JERUSALEM

THOUSANDS of ultra-Orthodox Jews gathered at Jerusalem's Wailing Wall, the most holy site in Judaism, yesterday evening to protest against the alleged "desecration" of the Jewish Sabbath by secular Israelis.

Violent clashes have erupted in Jerusalem and elsewhere on successive Friday nights and Saturdays in recent weeks, as ultra-orthodox militants fought to close down restaurants and cinemas open on the Sabbath. Police reinforcements were drafted into the Old City yesterday, to prevent the planned prayer meeting from getting out of hand.

At the Wailing Wall, the partly enclosed square and its surrounding pedestrian areas were a sea of black, as the devout packed in to participate in special prayers said at times of crisis.

Israel's two top religious leaders, Mr Avraham Shapira, the Ashkenazi Chief Rabbi, and Mr Mordechai Eliyahu, his counterpart from the Sephardi community, took part, to lend their authority to the growing demands for strict Sabbath observation throughout the country. But the total numbers present were considerably less than the 25,000 to 50,000 forecasts by the event's organisers.

One member of a yeshiva, a theological school, said the special prayers had been read because "there's a tragedy facing the Jewish people, the desecration of the Sabbath." Denouncing the recent violence as the work of a small minority, he said the ultra-orthodox would continue the fight through prayer and other peaceful means.

The battle for the soul of Jerusalem has been waged on and off between secular and religious Jews ever since the founding of the state, nearly 40 years ago. But it has steadily intensified over the past two decades, after the reunification of the city under Jewish control.

Spearheading the drive to enforce stricter observation of Jewish religious law on all-comers is the rapidly growing ultra-orthodox population, the "haredim."

By municipal estimates, the haredim could already constitute 30 per cent of Jerusalem's 470,000 inhabitants.

# Philippines crime wave swells

BY ROGER MATTHEWS IN MANILA

THE DETERIORATION in law and order in the Philippines is reaching alarming proportions, according to members of Congress. Mr Ramon Mitra, the Speaker of the House of Representatives, said yesterday that he would shortly be issuing statistics on killings and unsolved crimes "which will shock the nation."

Mr Mitra, who for the past fortnight has been gathering figures on the mounting crime rate, also urged the special congressional committee looking into lawlessness to approach the governments of Britain, France and Israel for help.

There is growing apprehension among some Filipino politicians and the foreign diplomatic community that unless more effective action is taken by the government to combat political and organised crime it could eventually threaten the country's newly re-established democracy.

It may also hinder the government's efforts to attract new foreign investment needed to maintain the modest recovery in economic activity over the past nine months.

Even those economists who are the most optimistic about future growth prospects admit to fears that violence will increase over the coming months as the Communist New Peoples Army steps up its efforts to frustrate the government's agrarian reform

The assassination in Manila earlier this month of Mr Jose Ferrer, the Minister for Local Government, suggested that Communist guerrillas, known locally as "sparrow gangs," had decided to target leading political personalities

The ill-equipped military and police forces are achieving only very limited success in attempting to contain the violence. Figures yet to be released show that the increased frequency of bank robberies in the first half of this year netted almost as much cash as was stolen in the whole of 1986. Although organised crime is responsible for part of the total, a far larger percentage is probably used to finance political movements.

Car thefts at gunpoint in Manila have also played a part in pushing up the reported crime rate by 24 per cent during the first half of this year.

# WORLD TRADE NEWS

## Chubu signs 3-year LNG deal with Indonesia

By John Murray Brown in Jakarta

INDONESIA will this week conclude a sales contract for liquefied natural gas (LNG) with Chubu Electric Power Company of Japan, Mr A. Ramly, President of Pertamina, the state-run oil company, confirmed.

The deal, due to be signed on Friday, will run over three years for a total sales volume of 2.12m tonnes of gas, worth around $300m in gross revenues at current prices.

The shipments, which will start in October, will be in addition to the 3.65m tonnes currently taken by Chubu under a 20-year contract signed by Japanese gas companies in 1973. Japan was until last year Indonesia's sole buyer of LNG, taking annual deliveries of around 15m tonnes—worth $3.4bn in 1986.

*However after* long negotiations Pertamina began sales to South Korea last November, under an agreement signed in 1983, to take annual shipments of 2m tonnes. As the number of gas cargoes to Seoul increases—reaching 29 this year and a full delivery of 35 in 1988—Indonesian gas production is projected to rise by 11 per cent.

Taiwan also signed a similar LNG contract last March to take 1.5m tonnes annually over 20 years, with the first delivery expected in 1990. Pertamina recently concluded a successful tender with Chiyoda and Mitsubishi of Japan for construction of *the fifth gas train at the Bontang* facility in Kalimantan, which will be used *to supply* processed raw gas to the *China* Petroleum Corporation of Taiwan.

While Malaysia looks set to win LNG orders from Singapore, Indonesia is looking at the possibility of gas sales to India. According to provisional figures published last week by the *Central Bank*, LNG sales in the first five *months of 1987 were down* to $1m from $1.44m in the same period last year.

Canute James reports increased interest by Mexico and Venezuela in island economies

## Latin Americans strengthen ties with Caribbean

VENEZUELA AND Mexico have launched an effort to expand their political and economic influence in the Caribbean basin. Recent visits to several islands by President Jaime Lusinchi of Venezuela and President Miguel de la Madrid of Mexico were not coordinated, diplomats say, but *the visits indicated a new effort* by both countries to raise their *profile in the region.*

A previous effort about six years ago was abruptly ended by a collapse in their earnings from oil, and by political offensives launched by the US and Cuba to win the favour of several island governments.

This latest effort by Venezuela and Mexico coincides with concern in several Caribbean countries that *the United* States has not been able to *deliver what it* promised in terms of special trade facilities for the region. Washington seems preoccupied with political developments in central America.

Moreover, Caracas and Mexico City are said to have concluded that Cuba has temporarily reduced interest in the Caribbean islands following the overthrow of a leftist government in Grenada by a United States military invasion in 1984. The presence in office of either centrist or social democrat governments in all the English-speaking Caribbean islands now provide a chance for increased co-operation with the Latin American countries.

In visits to Barbados, St Lucia, Dominica and Grenada, President Lusinchi promised increased financial assistance to several of the small eastern Caribbean islands, while President *de la Madrid*, visiting Jamaica a few days later, spoke *repeatedly of his country's* "Caribbean destiny," and the need for the Caribbean and Mexico to move towards higher levels of political and economic co-operation.

Since the earlier effort to make better friends of the Caribbean islands, both Venezuela and Mexico have been providing various forms of economic assistance to the region. Under an oil rebate facility both countries are supplying some of the Caribbean countries with their crude oil, allowing the purchasers to


convert 20 per cent of the oil *bill into long term loans* at low interest.

It is the Venezuelans, however, who appear more active. *Caracas is keen on helping* to maintain political stability in countries *just over 100 miles* off its 1,300 mile Caribbean coastline, and pays out development aid averaging $100m per year to the region.

Assistance has also been provided for low-income housing in several eastern Caribbean islands, and Venezuela was among the first to help Granada's former socialist government to plan an international airport. There have traditionally been strong links between Venezuela and Trinidad and Tobago: students from several islands in the region have been given scholarships to study in Venezuela, and on his visit, Mr Lusinchi signed agree*ments waiving visa requirements* for Barbadians.

With more than 80 per cent of its trade passing through the Caribbean, there is a growing belief that the country must be considered politically and economically as a part of the region. Venezuelan officials say there are opportunities not only to *strengthen* trade ties, *but* also for Venezuelan business and *industry to exploit the* preferential trading arrangements which many islands enjoy with the United States and the European Community by investing in ventures in the region.

"*We prefer a programme of* multilateral co-operation and assistance with all Caribbean countries, without conditions," said Mr Simon Alberto Consalvi, Venezuela's foreign minister. The slighting reference is to the conditionality applied by the United States to its economic programmes.

In several speeches in Jamaica, Mr de la Madrid made much of his desire to pay more attention to the islands in the Caribbean basin and to increase economic assistance. "My country intends to work *towards* the economic and political integration of the *region," the president* said. "We are part of the region, *and it is the destiny of* the region to be more united."

One immediate result of Mexico's new efforts is an agreement with Jamaica for co-operation in the production of aluminium, using bauxite refined in the island in Mexican smelters. Both governments are also to examine the establishment of reciprocal lines of credit to encourage trade, and are to study joint ventures *in* tourism.

Although the economically hard-pressed Caribbean islands are understandably happy at the prospect of increased assistance from both countries, it *could be some time before the* efforts of the Latin American states bear significant fruit. Historically the Caribbean islands, all former British colonies, have looked northward, with the patterns of trade and economic relations shifting in the past two decades from Europe to North America. Shifting their gaze to look southwards and westwards will not be easy.

## Wartsila to build two liners for US group

By Olli Virtanen in Helsinki

WARTSILA MARINE, the Finnish shipbuilding company, is to build two cruise liners, worth a total of $400m, for the Miami-based Carnival Cruise Lines.

The 70,000-gross-tonne vessels will be among the largest passenger ships in the world. The vessels, which will be 262 metres long, will be able to carry 2,600 passengers in 1,025 cabins, and will have a maximum speed of 31 knots.

The deal, expected to be signed in Miami in mid-September, follows an order for a *similar* vessel placed by Carnival Cruise Lines with Wartsila earlier this year.

These vessels will be delivered from the Helsinki shipyard in 1989, and the other two identical liners are to be completed at the company's Turku shipyard in 1990 and 1991 respectively.

The latest order consolidates Wartsila Marine's *position* as the world's leading builder of cruise vessels. It has seven cruise ferries and luxury liners currently under construction.

Nevertheless the company, which comprises the former shipbuilding activities of Wart*sila* and Valmet, Finland's leading shipbuilders, will make a *substantial* loss in its first financial year ending December 31 1987.

Carnival Cruise Lines, which will place the vessels in traffic in the Caribbean, is one of the world's largest cruise liner

● Hapag Lloyd, West Germany's biggest shipping company, has ordered two container ships at Howaldtswerke-Deutsche Werft AG shipyards in Kiel, Reuter reports from Hamburg.

Hapag Lloyd *said* the cost of each vessel including containers, was DM 85m.

The two ships of 35,000 deadweight tonnes each are to be delivered in March and April 1989, and will be used on the company's North America service. Each will have a capacity of 2,000 containers.

## Chemie Linz will produce textiles in new US plant

BY JUDY DEMPSEY IN VIENNA

CHEMIE LINZ, the state-run but financially troubled Austrian chemicals and fertilisers group, will supply the United States market with a non-woven fibre called Polyfelt, which forms part of *its geotextile* production line. This is the first *time the group* has established a production plant for geotextiles in the United States.

Chemie Linz recently built the plant at Evergreen, Alabama, at a cost of $15m. The group, which announced losses of over Sch 500m ($41m) last year, is one of the world's leading producers of geotextiles. Geotextiles are used in constructing dams, roads and tunnels, primarily to prevent filling material from sinking into the ground, as well as preventing erosion and protecting sealing surfaces.

*Chemie Linz chose the United* States because of its large tex*tile market*, which can absorb up to 150m square metres a year. The US affiliate of Chemie Linz, Polyfelt Inc. will employ 65 people. It is expected that full production capacity will be reached by 1989, when the plant will be producing 4,000 tonnes a year.

● A section of the Chinese railway network will be fitted with a new radio communications system which will be supplied by Elin Union, the state-run Austrian electrical and electronics company.

The deal, which is worth Sch *60m (5m), is Elin's first* entry into the Chinese market *for radio communication equipment.*

*Over the next year, over 600* kilometres *of the railway track running south-west of Peking* will be fitted with radio equip*ment, which will allow engine* drivers and guards to communicate with officials at control points along the line. The trains will be fitted with radiophonic equipment, and Elin will also supply the radio sets to drivers, guards and to the stations.

Meanwhile, Austria's largest steel and engineering company, Voest-Alpine, has just won a Sch 10m ($800,000) contract from the Egyptian authorities to supply and construct 10 masts and towers for the country's state-run radio and television.

Voest-Alpine has already been involved in the construction of pylons for Egypt's communications network. In 1981 it supplied material to build 34 pylons worth *Sch 40m* ($3.3m).

The contract is timely for Voest-Alpine. Not only did the state-run company record losses of over Sch 8bn last year but the small but increasingly influential Green *movement in* Austria has successfully *opposed the construction of* masts and towers over a certain height, for environmental reasons.

The masts to be built by Voest-Alpine in Egypt will reach a height of 300 metres. A spokesman for Voest-Alpine said it would be difficult to construct masts at such heights in Austria.

## N Guinea-Japan copper deal

*OK-TEDI MINING has signed* a $1.5bn copper supply contract with a consortium of Japanese trading and smelting companies, Mr John Kaputin, Papua New Guinea's Minister for Minerals and Energy, said, Reuter reports.

The Ok Tedi mine in the re*mote Star Mountains of* Papua New Guinea will supply 60,000 tonnes *of* copper concentrate this year and shipments to the seven-smelter consortium led by Nippon Mining and Mitsu*bishi Metal will increase to* 230,000 tonnes of concentrate annually *over the next* seven years.

*The project has moved into* its copper production phase after generating cash flow from mining the rich gold cap overlying the copper-gold deposit on Mount Fubilan.

Partners in Ok Tedi are the Papua New Guinea government with 20 per cent, Broken Hill Pty Co 30 per cent, Standard Oil 30 per cent, Metallgesellschaft and Degussa with 7.5 per cent each and the state-owned West German Development Company with 5 per cent.

## Turkey close to awarding power station contract

BY DAVID BARCHARD IN ANKARA

THE TURKISH government is about to decide on a contract to build and operate a giant power station in Turkey, using imported steam coal.

Five international consortiums, which have offered rival schemes to the Turkish government for power generation, have sent representatives to Ankara as an adjudication committee appointed earlier this month prepares to make a recommendation to Mr Turgut *Ozal, the Prime Minister.*

Mr Ozal said at the weekend that the award *of a* contract would be made within the next *few weeks.*

The contest, which has major *implications* both *for* the international coal industry and for *power plant construction* through the developing countries, now seems to be between Seapac of Australia, EPDC of Japan and Bechtel of the US.

Each consortium has submitted proposals to build and operate power stations of between 90 megawatts and 1,400 megawatts on a *franchise* basis. The plants are intended to help Turkey overcome its reliance on imported energy by the middle of the next decade.

Seapac emerged as front-runner on August 10 with prices narrowly lower than those of its two rivals.

*The initial contract this* autumn is expected to be followed by a second, and possibly a third power plant contract in 1988.

● Fourteen Japanese financial *institutions*, including banks and insurance companies, are in the process of helping to co-finance a Y28.0bn loan to Turkey, AP-DJ reports from Tokyo. The loan is earmarked for Turkey's emergency sector adjustment programme.

The Japanese entities, including the Industrial Bank of Japan, Mitsui Bank and Bank of Tokyo, will finance 85 per cent of the loan, to the value of Y23.8bn.

The overwhelming number of the Japanese participants are banking institutions, though the World Bank is also reported to be contributing to the loan.

# AMERICAN NEWS

## Rail workers strike in Canada after job security deadlock

BY DAVID OWEN IN TORONTO

ABOUT 48,000 Canadian rail workers walked out on strike yesterday after talks between union negotiators and representatives of the country's two national railways broke down in deadlock.

This means a complete shutdown of both the Canadian National Railways and CP Rail systems, which together handle about 30 per cent of Canada's freight. It will also bring to a standstill commuter trains in the heavily-populated metropolitan areas of *Toronto* and Montreal.

*Significant differences* remain between the respective *positions* of the two *sides* on a number of key issues. The main stumbling block appeared to be the matter of job security.

The nine unions that make up the Associated Railway Unions are seeking to expand *guarantees against job lay-offs*, to include anyone with four years service or more as against eight at present. Management, under pressure to trim costs before a probable extensive deregulation of Canada's transportation industry in 1988, believes that such a move would be "tantamount to economic suicide." Deregulation will prompt fierce competition from truck companies for up to half of the railways' current business, they maintain.

The strike, which follows a spate of wildcat stoppages last week, will have a profound and almost immediate effect on Canada's vital resource sector because a high proportion of *grain, minerals* and forest products are moved by train.

The biggest impact will be in western Canada, which is *heavily dependent on the sort* of bulk products which cannot easily be transferred to trucks. In the more heavily populated central region, intermodal shipments—a combination of truck and rail—are the most frequently used means.

The Canadian government was due to review the situation yesterday to determine what action, *if any*, to take. "The strike is very costly, not only for the parties *immediately* involved but for all of Canada," *said Mr John Crosbie, Transport* Minister, in a statement.

*The last two Canadian rail* strikes, in 1966 and 1973, were ended by Parliament — the latter after only 10 days.

If union members again were ordered back to work by Parliament, an arbitrator would probably be appointed to impose a settlement.

## Doubts over cost and size delay Boeing propfan project

BY ANATOLE KALETSKY IN NEW YORK

BOEING, the world's leading civil aircraft manufacturer is postponing the introduction of its propfan 150-*passenger* aircraft, having failed to line up any firm commitments to its *revolutionary* technology from airlines in Europe or the US.

Boeing *said yesterday that* the company had moved back the 7J7's delivery *date from 1992* to 1993, and that the official launch of the 7J7 programme *would* have to await a "clearer consensus" among potential customers on the specifications for the new aircraft.

The main uncertainty relates to the aircraft's size. US airlines are pressing for an aircraft with at least 165 seats, while SAS, the European company which has expressed the *strongest* interest in the 7J7, is demanding a smaller aircraft with only 140 seats.

More important uncertainties relate to the cost of the new aircraft both to the airlines and to Boeing itself. The low price of oil has reduced the attractiveness of fuel economy, the biggest potential benefit of the propfan technology.

Meanwhile, Boeing is under intense pressure from shareholders to boost its profitability and cut costs. While it has denied any connection between the postponement of the 7J7 and the stockmarket foray of Mr T. Boone Pickens against the company, Wall Street analysts pointed out yesterday that slowing *down the 7J7 programme* could improve Boeing's cash flow by as *much as $500m over the next 18* months. This money could help to *bolster the company's defences* through a share buy-back or special dividend.

*The 7J7 delay will put* Boeing two years behind McDonnell Douglas, which *is promising customers* a propfan aircraft by 1991. Unlike the 7J7, however, the MD-92 will not be an entirely new aircraft but an adapted version of the MD-80.

Boeing's decision could also provide a boost for Airbus Industrie, which has thus far rejected the propfan technology and concentrated instead on rapid development of its A-320, a conventional 150-seat airliner which will be available for *service next year.*

Airbus believes that airlines re*placing their fleets of 150-seater air*craft are less concerned about fuel *economy than delivery date* and price.

*Boeing, which is developing the* 7J7 in partnership with four Japanese companies – Japan Aircraft Development, Kawasaki Heavy Industries, Mitsubishi Heavy Industries and Fuji Heavy Industries – said that its partners, which hold a 25 per cent equity stake in the project, agreed with the postponement.

General Electric, which is developing the propfan engines for both the 7J7 *and the MD-92* said that its plans would not be affected by Boeing's rescheduling.



## FDIC head proposes banking deregulation

By Anatole Kaletsky in New York

MR WILLIAM SEIDMAN, the outspoken free-marketeer who heads the Federal Deposit Insurance Corporation, has put forward a plan to deregulate the US banking industry. This would diminish the supervisory powers of the Federal Reserve Board and other bank regulators, and allow US banks to compete without restrictions in all areas of commerce, finance and even industry.

*Mr Seidman's* proposals, presented in a paper to a symposium sponsored *by the* Federal Reserve Bank of Kansas City, were generally dismissed as over-ambitious by *other* regulators and even by commercial bankers themselves.

Under his plan, not only would there be a repeat of the separation between commercial banking and securities underwriting, but banks would also be allowed to own, and be owned by, companies engaged in non-financial businesses. The soundness of the banking system would be ensured by prudential regulation of bank subsidiaries. However, the non-banking subsidiaries of bank holding companies would be entirely free of regulatory interference.

Such radical proposals are most unlikely to be enacted by Congress, which so far has baulked even at the much more limited reforms backed by the Federal Reserve Board and the banking industry itself.

Even so, Mr Seidman's suggestions point to the range of changes which might be contemplated one day if the US Congress were to seriously address bank deregulation. At present, bank regulation is subject to a one-year moratorium imposed by Congress in the new banking law. This *moratorium, initially opposed* by the Reagan administration, prevents bank holding companies being granted any new freedoms until March next year.

Banking reform has been firmly blocked in Congress by the powerful lobbies representing small banks, securities houses, insurance companies and real estate interests.

## Strikers disrupt Argentine oil and gas

BY TIM COONE IN BUENOS AIRES

WILDCAT strikes at Argentina's state oil company, YPF, are continuing to disrupt oil and gas supplies throughout the country, despite an agreement reached between management and the petroleum workers' union, Supe, on *Friday.*

The union leaders agreed to *call off a two-day strike, set to* start yesterday, in return for a *partial settlement of* outstanding pay claims. Many of the 25,000 Supe members, however, refused to recognise the agreement and continued to block petrol and fuel oil deliveries at the wekend, creating queues at petrol pumps, industrial disruption and a furore of complaints from householders suffering cold showers and half-cooked meals.

The stoppages began last week, to back a demand for *500m australs ($235m) in* payments dating from 1981 and 1982, *during the former military* regime. By the weekend, a major *petrochemical feedstock* company was paralysed and numerous other industries were facing imminent shutdown.

Intense negotiations on Thursday and Friday led to the agreement, in which YPF recognised Aus 40m in payments and agreed to establish a commission to study the remaining claims. On hearing conditions of the pact, though, many local Supe branches rejected it and instructed their members to continue stoppages.

The strikes have *followed* a cold spell, winds from the south having brought unusual sub-zero temperatures to the capital. Gas pipelines have been working at peak capacity to meet the peak demand, but these supplies are also threatened by the stoppages.

Winter gas shortages have become a perennial problem in Argentina, due to delays in the realisation of new pipeline projects, financing problems and the long legal dispute between the Argentine government and the Dutch consortium Cogasco, which was resolved this year in the latter's favour.

The debt owed to Cogasco for the construction *of* a major gas pipeline has produced a financial crisis in Gas del Estado, the State company which owns and distributes national gas supplies.

Johanna Eigen reports Congress' attempts to reform the welfare system

## Grand visions fail the US poor

TWENTY YEARS *after* President Lyndon B. Johnson declared "*war on poverty*" through his Great Society programme, the US welfare system has failed in its primary objective—to prevent the emergence of a dependent class. Some 32m people live below the poverty line, 11m people are on the welfare rolls, and the country will spend $16bn this year on public assistance.

This year, Congress is returning to the task of reforming the welfare system. All three of the proposals under consideration have a central theme: the need to make welfare recipients more independent and hence to channel them into the mainstream of the *national* economy.

But the divisions that have emerged over how to implement this goal represent more than just partisan squabbling: there is a marked lack of concensus over just what *the scope of the* welfare system should be. The urgency of the problem has not faded, but the grand visions of *the sixties have dimmed* in the passage of time and after the *failure* of past welfare programmes.

*Moreover, advocates of* welfare reform come up against a *major obstacle:* the budget deficit. The necessity of reining back the *growth of* federal spending imposes strict fiscal *limits on what can be achieved.* While no one argues the $16bn welfare *bill should be slashed*, everyone agrees that the system must *become far more* cost-efficient.

*The most expensive of the* proposals under consideration on Capitol Hill is a bill put forward *by House Democrats in* the Ways and Means committee, which is estimated to cost $5.2bn over five years. Its ambitious proopsals to cure the ailing welfare system are strongly opposed by Republicans and the Administration.

*Republicans have presented* a counter proposal which costs only $1.4bn over five years and which tightens welfare regulations.

Steering a middle ground between *the two is* a $2.3bn proposal by Democratic Senator Daniel Patrick Moynihan. Sen Moynihan worked closely with President Johnson on the original Great Society programme.

Now the charismatic Democrat is again working for reform. Having dropped *some* of the more controversial and expensive provisions of the Ways and Means bill, Senator Moynihan's plan *has* secured wider support on Capitol Hall.

*One central problem is* the Reagan Administration's opposi*tion to nationally enforced day* care provision. The Democrats *insist that adequate child* care —looking after the children of a *working parent — is* a prerequisite for taking welfare recipients *off the rolls. Most* advocates of welfare reform are prepared to be flexible, but on this issue they stand firm.

There is a further question of the extent of federal involvement. Many liberals argue that welfare should be regulated by the federal government to en*sure equality of opportunity* across the country. But the Administration wants to give the states flexibility in designing their own welfare systems.

This has become a major bone *of contention: the Demo*crats see the federal government not only as a regulating body but as the financial backbone of a national welfare system; however, the Republicans want to devolve both the organisational and financial responsibilities to the states.

Mr Stuart Butler of the conservative Washington-based Heritage Foundation says: "There is no such thing as a one-size-fits-all welfare plan that would equally serve the Bronx and rural Alabama."

Senator Moynihan, having learnt from the mistakes of the *ambitious* Great Society programme, agrees: "It is the states—not the federal government—that seem to have the energy and *creativity* necessary to develop new, more productive *approaches to public assistance.*"

Squeezing a consensus out of rival factions on Capitol Hill will be difficult. But whatever emerges, there will be little of the broad vision of the Great Society. "Experience of the seventies shows that the nation has no stomach for real reform" said Robert Reischauer, senior fellow of the Brookings Institution. "Everyone's aspirations have been scaled back and the result is something like the Moynihan bill." As the normally effervescent Sen Moynihan admits: "My bill aims for the politically possible."


*Thirty-two million Americans live below the poverty line*

# Miners vote to fight discipline rules

BY CHARLES LEADBEATER, LABOUR STAFF

MINERS HAVE voted overwhelmingly for industrial action over British Coal's revised disciplinary code, the National Union of Mineworkers announced yesterday.

But in spite of a three-to-one vote in favour of industrial action, the decision over whether to go ahead with action will be delayed to allow time for negotiations.

In a pit head ballot which ran throughout August, 51,682 miners, 77.5 per cent of those voting, supported industrial action, with 14,980 against. About 64 per cent of the NUM's 104,000 members voted.

It is the first time miners have voted for national industrial action since 1974, and the first time Mr Arthur Scargill, the NUM president, has been supported in a national industrial action ballot. The year-long strike over pit closures which ended in 1985, was called without holding a ballot.

The union's first move will be to use the ballot result to strengthen its hand in negotiations. NUM leaders will meet Acas, the government-supported conciliation service, on Thursday to discuss its objections to the code. British Coal will meet Acas officials the week after.

Mr Scargill said no one in the union wanted to take industrial action. The union would accept either the reinstatement of the old code, which was introduced in 1948, or an amended version of the revised code which was introduced in March, he said.

But he gave a warning that without renegotiation of the procedures the union and the corporation would be on a collision course which would result in a major industrial upheaval. British Coal has

**Arthur Scargill: first backing in ballot**

said that industrial action could lead to the closure of several marginal pits.

Mr Kevan Hunt, British Coal's director of industrial relations, said the vote had no significance or validity, as the code has been grossly misrepresented on the ballot paper.

He said the dispute was a diversion from the need to introduce flexible working practices to boost productivity, lower unit costs and raise the industry's competitiveness.

Mr Des Dutfield, the leader of the South Wales miners, said he would be against implementing the ballot result while there was a chance of discussions to get a code that was fair to everyone.

That view is shared by a majority on the union's national executive which will decide whether to go ahead with action at a meeting on the eve of the TUC's annual meeting at Blackpool on September 6.

Most members of the executive were heartened by talks with British Coal two weeks ago, after which Sir Robert Haslam, the corporation's chairman, said there was only one difference of principle between the two sides.

That centres on the abolition of the system of pit umpires which could make a binding recommendation that an unfairly dismissed miner should be reinstated.

This system has been replaced by referral to an Industrial Tribunal. But employers do not have to implement a tribunal's recommendation over reinstatement. It is thought that most of the other differences over the code could be cleared up through negotiation.

If the union does not implement the decision within 28 days from last Friday, the last day of voting, it would lose its mandate for action and have to hold another ballot.

Should the union go ahead with industrial action, it is likely it would be some form of overtime ban. A second ballot would be needed to call strike action.

About 900 NUM members at Hatfield Main colliery in Yorkshire have started an overtime ban in protest as disciplinary measures taken against Mr Ted Scott, an NUM official in North Yorkshire.

Branch officials from Yorkshire pits will meet tomorrow to decide whether to impose an overtime ban, or start a programme of rolling strikes in support of Mr Scott.

# Harris in £100m bid approach to Allied

By Clay Harris

HARRIS QUEENSWAY, the electrical and furnishing retailer, has made a cash offer for Allied, the carpet chain which Asda-MFI has put up for sale as part of the break-up of the retail group.

The bid, believed to be worth about £100m, is likely to be opposed by the British Carpet Manufacturers Association, which is disturbed by the potential concentration of buying power.

It is only one of several approaches received by Kleinwort Benson, the merchant bank handling the Allied sale and the separate disposal of 146 MFI furniture stores.

The combined group would account for about 20 per cent of the British market for carpets and other flooring, according to Verdict Research, an independent market survey body. In some local markets, the share would be considerably higher.

Harris has a 11.9 per cent national market share, followed by Allied with 8 per cent, according to Verdict. No other retailer accounts for more than 2 per cent.

The carpet manufacturers claim, however, that the Harris-Allied combined market share could be as high as 30 per cent. Top officials of the industry body are to meet on Friday to discuss a submission to the Office of Fair Trading if Asda accepts the Harris offer.

The offer was disclosed less than two weeks after Sir Philip Harris, chairman, said that losses within the Queensway furniture division would pull pre-tax profits down to between £32m and £38m in the year to next January, against £43.4m in 1986-87.

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# Daf aims at substantial rise in British vehicle output

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN EINDHOVEN

DAF OF the Netherlands is involved in negotiations which could substantially boost production at the UK vehicle assembly plants it acquired in April this year when it took over Leyland Trucks and the Freight Rover van business Mr Aart van der Padt, the president, said yesterday.

First, Daf has promised to present proposals to Paccar, of the US, based on the assumption that the American group could sell each year in the US 3,000 medium-weight Roadrunner trucks built at Leyland.

At the same time Daf is talking with several potential partners about the possibility of sharing the £75m cost of replacing "Freight Rover's" Sherpa van which are assembled in Birmingham, in the west Midlands.

Daf is now 60-per-cent owned by Dutch interests and 40 per cent by the UK state-owned Rover group. Mr van der Padt said: "We have lived up to our promise that the British operation would be profitable right from the start."

The financial results for the whole enlarged Daf company for the first six months this year were higher than those for the comparable period in 1986 and Daf would certainly beat the full-year Fl 33.8m net (£10.2m) profit achieved in 1987.

At the time of the takeover Leyland Trucks was said to be losing £1m a week, but the UK Government covered the cost of paying off its debts and further redundancies and reorganisation to the tune of £300m so that the company could be acquired without financial burden.

Mr Van der Padt said the UK subsidiary Leyland Daf was making better progress than forecast at the time of the merger.

In particular productivity had improved by 10 per cent at the Leyland Lancashire assembly plant since the takeover because of more flexible working practices and an increase in output.

The Leyland factory is expected to increase production from last year's 10,000 to 12,000 trucks in 1987 compared with its two-shift capacity of 40,000. A deal with Paccar, which produces the Peterbilt and Kenworth vehicles in the US would have a significant impact.

In any case, said Mr van der Padt, Daf expected its truck sales to grow at an annual 4 to 5 per cent from about 30,000 this year and nearly all the growth would have to be reflected in Leyland's output because the Netherlands factory had no more capacity.

Mr van der Padt said Daf hoped ultimately to lift Sherpa van output to 40,000 to 50,000 a year compared with about 20,000 in 1987 after the introduction of the new model which is being developed. Among the companies approached about a potential partnership was Enasa, the state owned Pegaso Truck Company of Spain.

He was speaking at the introduction of a new heavy, long distance truck range, the Daf 95.

# TUC urged to avoid pay policy diversion

By Our Labour Staff

LEADERS of the GMB general union fear that discussion of incomes policy could deflect attention at next month's conference of the Trades Union Congress (TUC) from the problem of falling union membership which they believe is now the central issue for the trade union movement.

The GMB has tabled a motion for debate at the Congress in Blackpool in the north-west of England in two weeks calling for the TUC to reorganise its activities to place less emphasis on preparing detailed economic policies which the Government ignores, and to concentrate on economic issues of more direct relevance to trade union recruitment.

However, the manufacturing union Tass has tabled an amendment to the GMB motion rejecting incomes policy – not mentioned by the GMB – as "unacceptable, ineffective and unjust" and the GMB fears this will divert discussion into a straight left-right argument on old ground.

Another amendment from the NGA craft print union to the GMB motion, which if approved could radically change the working of one of the TUC's central departments, is seen by the GMB as helpful. It seeks to introduce an education programme to bring macro-economic union thinking closer to union members.

Union officials are, however, suspicious of the Tass amendment, published yesterday in the final Congress agenda.

Some GMB leaders believe that the TUC should have ruled it out of order but Tass said yesterday that there were no ulterior motives behind the amendment.

# Reed seeks basic pay freeze

BY DAVID BRINDLE, LABOUR CORRESPONDENT

WORKERS AT Reed Corrugated Cases, a division of Reed Packaging, have been asked to consider a 2½ year pay settlement involving no increase in basic wage rates.

The company has told union leaders it wants to cut its costs, relative to its competitors, by paying non-enhanceable lump-sum awards rather than conventional cash or percentage increases.

Unions representing the company's 2,250 process workers and 250 engineers seem unlikely to accept the unusual idea. But they may be willing to negotiate on other proposals made by Reed as part of the same package.

These include revision of working time arrangements – at present a three-shift system with a 37½-hour week – and abolition of an existing productivity scheme.

Tabling of the proposals has followed the arrival at Reed Packaging of Mr John Benson as group personnel director. He was a leading exponent of long-term pay deals at the Nabisco food group, his former employer.

Although Reed Corrugated is unwilling to comment on its proposals at this stage, it is believed the company regards its pay rates as superior to any others in an industry where price-cutting is squeezing profit margins.

Pay review is due next month for Reed's process workers and in October for its engineers. A 2½-year deal would, therefore, carry the company through until 1990, when existing pay rates would be up for renegotiation.

Mr John Jenkins, a divisional organiser of the AEU engineering union and lead negotiator for all Reed's engineers, said yesterday that the company had indicated willingness to discuss the unions' 12-month pay claims alongside the proposals in its 2½-year plan.

Sogat '82, the print union representing the process workers, is thought to be particularly resistant to a long-term settlement.

# Acas slow to reform code

BY OUR LABOUR EDITOR

ACAS, is not moving quickly to redraw its draft code of practice on disciplinary action despite its rejection earlier this year by the Government.

A version of the code is at the centre of the National Union of Mineworkers' dispute.

At the beginning of the year, Lord Young, then Employment Secretary, asked Acas to revise its code because the Government found it too complex and too long, particularly for use by small businesses and ordinary employees.

Although the Acas council, the service's governing body, has held a meeting with ministers to express its strong disappointment at the Government's decision, little work is understood to have been carried out within Acas on the preparation of a revised code.

Some Acas council members were unconvinced by the arguments in favour of rejecting the code which were put forward by the Government.

The council believes that its original draft code, which tried to reflect both current industrial relations practice and case law, would have made a positive contribution to reducing the growing trend of greater legalism at industrial tribunal hearings.

# Raising output holds few fears for directors

BY RALPH ATKINS

COMPANY directors are not worried about industry hitting capacity bottlenecks, according to a survey.

The survey by the Institute of Directors found that most of 200 directors questioned thought increases in output would not be constrained by shortages of unskilled labour, raw materials or factory capacity.

However, 50 per cent said they might experience difficulties in recruiting skilled labour. There were particular worries about technical and computer specialists, accountants and engineers.

The survey supports the National Institute of Economic and Social Research which said in its economic review published last week that the fears of some City economists that strong growth was leading to the economy overheating were exaggerated.

Mrs Judith Chaplin, head of the institute's policy unit, said: "This survey backs up other surveys which show that businessmen—the people who are making and selling goods—believe that the growth they have been experiencing recently is sustainable without overheating in the economy."

The survey found 75 per cent of directors more optimistic about their companies' prospects than they were six months ago. That is a slight increase on the 72 per cent who said they were more hopeful in the last survey in June.

About 80 per cent said they expected to see demand for their products increase in the next year and 75 per cent reported that their companies were doing well or very well.

However only 52 per cent said they were more optimistic about the prospects for the economy than they were six months before, compared with 66 per cent in June.

Problems in recruiting labour was listed as the main business concern of directors in June but in August there were more worries about cash flow—with 28 per cent of directors saying it may hamper growth in the next six months.

Only 12 per cent felt they would experience raw material shortages during the next year. Fifteen per cent thought shortage of factory capacity a possible constraint on growth.

Of those who said they might have problems employing skilled labour, 11 per cent said they were not prepared to increase wages beyond the rate of inflation.

# Good maintenance practices studied

BY DAVID THOMAS

A STUDY of maintenance in industry has been commissioned by the Trade and Industry Department and could lead to government action on the subject for the first time.

The decision to launch the study reflects a feeling in the department that improvements in maintenance activities in many companies are lagging behind changes to other parts of their operations.

It also comes from the recognition that until now, no single section of the department had responsibility for promoting good maintenance practices.

March Consulting Group, based in Windsor, has been commissioned to conduct the six-month study. It will try to identify the best practices among 70 companies it will visit. The companies will be spread throughout the manufacturing industry and also among some primary and service activities, such as offshore oil and gas, air transport, shipping, primary metals and possibly nuclear power.

Among the topics which March intends to study are the organisation of maintenance departments, management inforamtion about maintenance, manpower and skills, the application of technology and whether value for money is being achieved.

March said the study was needed because too many companies, even those which had invested heavily in technology, still failed to grasp the benefit of good maintenance practices.

Mr Peter Willmott, who is leading the study team, said the report would contain recommendations for the department to act on.

# Goldcrest board supports offer from joint venture

BY DAVID WALLER

THE FATE of Goldcrest Films and Television, the Oscar-winning but loss-making film company, has been decided after months of wrangling.

Goldcrest's board yesterday recommended an offer from Masterman, a joint venture between the Brent Walker Group, the UK leisure and property development group, and Ensign Trust, the investment trust controlled by the Merchant Navy Officers' Pension Fund.

Goldcrest's main shareholders—including Pearson, which publishes the Financial Times, the Coal Board Pension Fund and Electra Investment Trust—have indicated their assent to the offer, which values the company at £6.8m in loan-stock, or £4.86m in cash.

Goldcrest had been for sale informally since the beginning of last year, after accumulating losses approaching £40m in the past five years. Box office disasters such as Revolution did much to offset the critical and financial success of such films as Gandhi and Chariots of Fire.

jected by a narrow margin a bid from Mr Earl Mack, a New York property developer, which had the support of Goldcrest's management.

At the end of the month, the deadline for a bid was extended by a fortnight to August 14 without consulting Masterman, which had made a preliminary offer.

Goldcrest confirmed yesterday that it had received another bid during the two-week period, but turned it down "as it was not in the interests of shareholders."

# Hanimex plans to expand in Europe by acquisitions

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

HANIMEX, an Australian photographic and audio-visual group, is planning to expand further in Britain and on the Continent from a base to be established near London.

Mr Peter Samwell, newly-appointed managing director of Hanimex UK, said yesterday the company was looking for acquisitions to reinforce and extend its existing operations beyond the UK, France, West Germany and Belgium.

His predecessor, Mr John Cashmore, will take charge of the European business, to be run from offices to be opened close to Heathrow Airport.

The restructuring also includes rationalisation of UK operations. The Vivitar subsidiary will close its Abingdon, Oxfordshire, offices, and move into Hanimex UK's Swindon headquarters early next year.

Hanimex, which took over Vivitar, a California lens company, in 1985, was bought last year by Chase Corporation, a New Zealand investment group.

# Electronic components maker in link with Seiko

BY DAVID THOMAS

DUBILIER, an Oxfordshire-based electronics components manufacturer, is to make fibre optic connectors under licence for Seiko, the Japanese electronics group.

The connectors are key components in the most modern telecommunications transmission equipment, which is based on fibre optic technology. They were previously made by Seiko in Japan but will now be produced at Dubilier's plant at Harlow, Essex.

Mr Chris Bean, Dubilier managing director, said the company had been thinking of making the connectors in Europe on its own but the arrangement with Seiko meant it could have on research and development costs.

Dubilier intends to supply the connectors to domestic and continental customers. It is seeking annual sales of about £3m initially but hopes this figure will increase rapidly if there is strong demand.

# Accountancy investment regulation plan set out

By Richard Waters, Accountancy Correspondent

THE THREE chartered accountancy bodies yesterday unveiled plans for regulating their members' investment business.

Up to 15,000 firms of accountants could fall within the scope of the regulations, required by the Financial Services Act.

Firms relying on investment business for up to 20 per cent of their fees will be permitted to be regulated by the three bodies — the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants of Scotland, and the Institute of Chartered Accountants in Ireland.

Firms earning more than this from advising on investments, arranging deals and investment management will need to seek authorisation from a self-regulatory organisation (SRO).

The 20 per cent rule means that large firms can earn more than £20m from investment business and still be regulated by their professional body. This is likely to bring renewed calls for tighter regulation of accounting firms.

"There will be a lot of people foaming at the mouth about that," said the Financial Intermediaries, Managers and Brokers Regulatory Association. Investment businesses have argued in the past that members of recognised professional bodies will get off lightly under the financial services legislation.

The Securities and Investments Board, which has yet to receive a formal application for recognition from the three accountancy bodies, claims that accountants will not slip through the net. It says: "The act requires RPBs to provide assurance which is at least equivalent to that provided by the SROs. It is not important that 20 per cent is a lot of money."

Accountancy firms are already "subject to a degree of regulation," says the SIB. The accountancy bodies claim that this makes it easier and cheaper for them to regulate their members.

Firms regulated by the RPBs will be sorted into one of four categories, depending on the complexity of investment business they carry out. The category will determine the level of regulation to which they will be subject.

Not all accounting firms will find it cheaper to be regulated by an SRO than an RPB. The cost of regulation to a sole practitioner at the lowest level of complexity is expected to be £180, compared with Fimbra's £500. A firm with just under 100 partners and involved in the least complex level of investment business will pay £4,000 to Fimbra and up to £6,900 to the institutes, depending on its number of offices.

# Hotel chains boycott tourist board ratings

By David Churchill, Leisure Industries Correspondent

SEVERAL LEADING hotel chains are boycotting the hotel classification scheme introduced earlier this year by the tourist boards in England, Scotland and Wales.

The scheme, which awards crowns to hotels instead of the traditional stars, was introduced to give a more objective guide to hotel facilities. It is independent of the star rating system used by motoring organisations for their members.

However, leading hotel groups, including Trusthouse Forte (THF), which has more than 200 hotels, and Crest, with more than 45 UK hotels, are among the chains still refusing to take part in the crown scheme several months after its introduction.

THF said yesterday: "It's confusing and full of anomalies."

Crest said it was not co-operating because the scheme did not meet the needs of its hotels or customers.

The top hotels are concerned that the crown system does not take full account of the more subjective factors that contribute to giving them four or five-star ratings.

The crown classifications are based on factors such as the provision of dining rooms, room service, trouser presses or hairdryers.

The English Tourist Board said yesterday it regretted that some groups were not participating in the scheme.

# Pontin buys restaurant stake

By Lisa Wood

SIR FRED PONTIN, the 80-year-old former proprietor of the Pontin's holiday camps, is moving into the restaurant business with the acquisition of nearly 15 per cent of Ponti's, the London restaurant and fast food company.

Sir Fred paid about £350,000 for his stake in the company which plans a listing on the Unlisted Securities Market soon.

**Kevin Brown** looks at the conflict between spending limits and pleasing rail users

# Grant cuts sidetrack BR efficiency drive

MAJOR GENERAL Lennox Napier, late of the Royal Regiment of Wales and now the official British Rail watchdog, is not a man to pull his punches.

As chairman of the Central Transport Consultative Committee—the statutory consumer body for rail passengers—it is Gen Napier's job to tell the Government what is wrong with BR from the passengers' point of view.

The catalogue of complaints in this year's CTCC annual report includes every conceivable irritant from station catering to rolling stock design, from train cancellations to the shortage of station telephones but the issue which stands head and shoulders above the rest is the treatment of commuters, particularly in London, where BR handles 38 per cent of the market.

"It is now high time that the quality of service provided for the commuter, both on Network South East and in the provincial cities, is given the highest possible priority by British Rail and the Government. Commuters have suffered enough," Gen Napier tells the Government.

His comments will find a sympathetic hearing among many of the 420,000 commuters who use Network SouthEast every day and who often have to stand for long periods at peak hours.

Some of those standing passengers may not realise that Network SouthEast actually plans to have up to 35 passengers standing at peak times in each sliding-door train, and 10 in the old slamming-door stock.

Even these limits were exceeded last year — by an average 4.2 per cent — because the number of trains was cut just as passenger numbers were rising.

BR faces problems in responding to complaints such as those from Gen Napier, largely because of the constraints imposed by the expenditure targets set by the Government.

The Government's priority, as with other public services, is to reduce the level of subsidies as a contribution to the general attempt to cut public spending.

For British Rail as a whole, this has meant a 25 per cent cut in the public service operating grant, which subsidises passenger services, over the last three years and a tough instruction to achieve a further 25 per cent cut by 1990.

Network SouthEast, the railway's biggest loss-maker, has been required to bear an above-average share of this reduction—39 per cent between 1983-84 and 1986-87. This works out as a cut in subsidies from £322m in 1983 to £196m last year, and a target of £167m in three years' time (all at current prices).

How the next stage of this loss-cutting process is to be achieved, while at the same time responding to complaints like those from Gen Napier, is not clear.

The broad strategy in the corporation's plan for the next five years is based on containment of costs through productivity improvements and a boost in receipts from passengers.

To cut costs, BR is relying on savings from the introduction of driver-only trains, together with reductions in rolling stock maintenance costs—partly through stock replacement—and a review of staff costs.

On the revenue side, Network SouthEast has had a stroke of luck over the last two years because a long-term trend towards decline in commuter numbers has been reversed. The number of passenger journeys increased by 9 per cent between 1984 and 1986 and a further 4.5 per cent last year.

As a result passenger revenue is substantially higher than was predicted in the 1985 corporate plan—it rose 10 per cent last year to £660m and BR is forecasting a further rise of £46m a year by 1991-92.

This trend has been accompanied by a considerable marketing success with the one-day Capitalcard, which combines a return train journey with the freedom of London's Tubes and buses. Capitalcard contributes turnover of £40m to Network SouthEast.

BR executives recognise, however, that passengers have to be persuaded that service levels are continually improving if there is to be consistent long-term growth in revenue.

Mr Chris Green, director of Network SouthEast, claimed recently that he was running the cheapest commuter railway in Europe and not everyone could be given a seat for that sort of money.

Mr Green claims, however, that overcrowding is a serious problem on only a handful of lines out of Charing Cross, Victoria and Liverpool Street stations—a view that may not be shared on some other lines.

**Network SouthEast**

QUALITY OF SERVICE

| | OBJECTIVE | PERFORMANCE |
|---|---|---|
| **Punctuality** trains arriving within 5 mins of right time | 90% | 91% |
| **Cancellations** booked services provided | 99% | 98.4% |
| **Load factors** maximum for sliding door trains / maximum for slam door trains / maximum standing time on any train | 135% / 110% / 20 minutes except by choice | average loading above maxima 4.2% |
| **Cleaning** exterior daily wash / interior four weekly clean | 100% / 100% | 87% / 83% |
| **Customer response times** telephone enquiry bureax calls answered within 30 seconds | 95% | 77% |
| ticket office queues customers waiting no longer than five minutes at peak times (three minutes off peak) | 90% | comprehensive system being set up to monitor waiting times |

The network's problems are being attacked through a £952m investment programme planned over the next five years. The principal elements are:

● Trains—£393m for rolling stock on the Bedford-Moorgate and Waterloo-Bournemouth and Weymouth lines (1988); Chilternand Paddington suburban services (1989); Waterloo and City line (1989); Waterloo-Exeter (1991) and Paddington-Oxford (1992).

Elsewhere, 200 specially-designed Networker trains will enter service on Kent lines in 1990 and there are plans to bring a further 90 into service in Essex in 1993.

The benefits of these trains will also be felt on other lines as a result of the process known in the railways as "cascading," which means that relatively new trains will be transferred to routes such as Euston-Northampton to replace older stock, some of which will be scrapped.

The rolling stock replacement programme represents only about 3 per cent of the Network fleet per year, however. It also follows a long period during which the fleet was severely reduced, though this trend has been reversed.

● Stations—£172m, for new stations such as those planned at St Paul's (effectively a re-siting of Holborn Viaduct station) and Bicester; and on renovations at Marylebone, St Pancras and elsewhere.

● Electrification — £39m. Already authorised are East Grinstead (October); Bournemouth-Weymouth (May 1988); Royston-Cambridge (May 1988); Farringdon-Blackfriars (May 1988); and Watford-St Albans (May 1989).

Plans are also being considered for electrification of Bedford-Kettering-Corby; Cambridge-Kings Lynn; Portsmouth-Southampton and Reading/Tonbridge.

Among other projects being planned are:

● Reopening closed Victorian tunnels and bridges to provide a north-south service across London to be known as Thameslink. This is due to open next year.

● Improvements to airport services—a fast and frequent link to Stansted is due to open soon. Plans are being considered to upgrade the hourly night service to Luton and eventually to provide a high-tech "peoplemover" link from Luton station to the airport.

In addition, Network SouthEast has put forward proposals for a £75m high speed electric link between Paddington and Heathrow, with trains running every 15 minutes and a journey time of 16 minutes.

BR says the scheme would be profitable but government approval is not expected until a decision has been reached on the proposed fifth terminal at Heathrow.

The cross-party Commons transport committee noted in a recent report on the financing of rail services that Network SouthEast provided a cost-effective and efficient means of moving vast numbers of commuters but both the transport committee and the central consultative committee questioned whether the tight financial control being exerted on the system by the Government was sensible policy.

"The financing of NSE should not be seen purely in the light of a tight public service operating grant target. The complementary role that road and rail can play in London needs to be fully assessed, and funds should be available to enable rail to meet sensible transport objectives," the MPs said.

Gen Napier went further, claiming to have identified a considerable amount of evidence of a direct link between a decline in the quality of service provided for passengers, and cuts in the PSO.

"Further planned cuts in grants over the next few years concern us very much indeed," he added.

Whether the Government is disposed to listen will become clear over the next few months.

# OFT brings case against shipowners

BY HAZEL DUFFY

SIR GORDON BORRIE, Director General of Fair Trading, is to take 11 shipowning companies to the Restrictive Practices Court for operating a secret price-fixing agreement in supply vessels for North Sea charter.

The agreement, operated by a group known as the Coffee Club because its meetings were referred to by participants as coffee mornings, was revealed in the Financial Times in April.

The Coffee Club operated between March 1986 and February 1987. The aim was to keep up short-term charter rates in the depressed market for supply vessels.

Details of the agreement were entered on the register of Restrictive Trading Agreements yesterday following an investigation by the Office of Fair Trading. But the agreement was declared void since details had not been supplied while it was in operation.

The OFT said yesterday anyone affected by the operation of the agreement may have grounds for seeking damages against the parties.

Supply vessels are used by the oil companies for deliveries and support services to exploration and drilling rigs.

The companies named by the OFT are: Seaforth Maritime, Stirling Shipping, Ocean Inchcape, Low Line, Star Offshore Services, Suffolk Marine, TNT Sealion, Wimpey Marine, Zapata Gulf Marine, Smit Lloyd, and Bugge Supply Ships.

The group is believed to have collapsed because of undercutting by outsiders. Members were said to have been desperate to halt a decline in charter rates caused by a cut in oilfield exploration activity.

The Restrictive Practices Court has no powers to punish the operators of a secret price-fixing agreement, except in the event that they are discovered to have re-activated it.

# Doctors face steep rise in cost of damages cover

BY HAZEL DUFFY

DOCTORS face another steep increase next year in the cost of their cover against damages claims.

The Medical Protection Society announced yesterday that annual subscriptions would rise from £576 to £1,080 from January 1 and the Medical Defence Union announced a similar increase. All doctors must belong to one of these mutual aid societies, or to the equivalent body in Scotland.

The reasons for the increases include:

● Awards are rising, in some cases steeply—the recent record £1,032,000 awarded to former student Mr Samir Abul-Hosan in respect of brain damage was £400,000 above the previous high.

● People are more aware they can sue the medical profession for damages—relaxation of the advertising rules for solicitors has led to some offering their services on medical negligence.

● The judiciary is expanding categories for which damages may be awarded, for instance nervous shock to near relatives.

● Patients' rising expectations from medicine.

● A change in people's attitudes towards doctors and what they can be expected to achieve.

● Advances in medical science, which means that patients who in the past might have died may survive surgery but suffer cardiac arrest or meningitis and therefore be dependent for the rest of their lives.

Claims sometimes take several years to come to court. The societies are therefore raising their subscriptions in anticipation of higher levels of settlements for claims that are in the pipeline.

Doctors start paying the full rate subscription after five years but the new rate will fall particularly hard on lower-paid junior hospital doctors. The subscription is tax deductible, so falls less harshly on higher-paid doctors. Anticipation of the rates is taken into account, however, for general practitioners by their pay review body.

# Random breathalyser tests for drivers rejected

BY ANDREW TAYLOR

SPECULATION that the Government was considering introducing random breathalyser tests to catch drink-drivers was rebutted yesterday by the Transport Department.

Mr Peter Bottomley, Transport Minister, said on BBC Television that Britain did not need random tests.

He said the police were already catching 8,000 people a month driving with more than the legal limit of alcohol in their blood.

A more effective response would be if everybody watching the interview accepted that it was a menace to society to drink any alchohol and then to drive.

"We have reduced drinking and driving by two-thirds. But we are still left with 7m people—like you and me—who on some occasion during the year drink and then drive, not necessarily above the limit. We have got to get the 7m of us to cut it out."

Drinking and driving is responsible for more than 1,000 deaths a year and is linked to more than a quarter of all road accidents.

The Transport Department confirmed that the Government had no plans at this stage to introduce random breath tests. It said the latest reports considered by the Government had indicated there was no case for any immediate change in the law.

However, experiences in countries such as Australia, where stricter drinking limits were being imposed on young and inexperienced drivers, would be monitored closely.

The department has been re-examining its drink-drive campaign. A report involving eight departments recommended earlier this year that government road safety campaigns should stop using paid advertisements to get their message across.

The report, Road Safety: The Next Steps, said money would be better spent on "wider ranging promotional activities looking at road safety generally

# Gun law review ordered

By Our Political Staff

AN URGENT review of firearms controls was ordered yesterday by Mr Douglas Hurd, Home Secretary, following the Hungerford shootings.

Mr Hurd met senior department officials yesterday and asked them to draw up proposals to put before the Cabinet, probably next month.

The officials have been told to look at a wide range of issues arising from last week's killings and these could involve legislative as well as administrative changes.

Among the proposals likely to be considered is a ban on the public ownership of semi-automatic weapons similar to the Kalashnikov rifle used by Michael Ryan who shot dead 16 people at Hungerford.

Mr Frank Dobson, shadow Leader of the House, on Sunday urged the Government to ban the possession at home of weapons such as the Kalashnikov.

The officials will also look at whether firearms should be kept in homes rather than locked away in club houses and how many weapons should be listed on gun licences.

An amnesty on illegal arms which was last held more than 20 years ago, will also be examined.

Mr Hurd will consult the police and shooting organisations about possible changes.

The Criminal Justice Bill, which partly deals with firearms, has still to complete its passage through Parliament but separate legislation will probably be required for any significant changes.

The Home Office said after the meeting that Mr Hurd had discussed with officials a range of issues identified last week by Mr Douglas Hogg, Home Office Minister.

# OTC company in pottery move

By Lisa Wood

THE WEYMOUTH CLINIC, an over the counter company which was set up to deal in the treatment of dietary problems, yesterday announced it was moving into the pottery industry.

Weymouth, a shell company which has not traded since July, is to acquire James Kent, a wholly-owned subsidiary of Rock, the engineering group, and Berkshire China, a company owned by the incoming management of the combined business which will be called County Potteries.

A rights issue, to be fully underwritten by Harvard Securities, will raise £1.2m

# Steel to urge Owen not to form own party

BY OUR POLITICAL STAFF

MR DAVID STEEL, Liberal leader, plans to make a strong appeal to Dr David Owen at a meeting tomorrow not to set up a splinter SDP as a rival to a newly-merged Alliance party.

At their first face-to-face meeting since the SDP membership voted in favour of a merger earlier this month, Mr Steel will try to persuade Dr Owen that their differences are not so great that they cannot be handled in a single political unit.

However, Dr Owen, who returns from holiday tomorrow to go straight to the meeting at a secret location in southern England, is preparing to resist any overtures to drop his resistance to a merged party.

Meanwhile, Mrs Shirley Williams, SDP president, renewed her criticism of those in Dr Owen's camp who were seeking to keep the party's name and part of its assets for the anti-merger faction, which lost by 43 per cent to 57 per cent in the ballot earlier this month.

Speaking on BBC radio she said: "In my view the attempt to suggest that the name of the SDP and part of the effort of the SDP should be taken by the group that lost the ballot is to fight against the whole spirit of that ballot."

She added: "I want to make it clear that there is a very wide door open to David and his colleagues to come back and join us and take part in the negotiations that are now to take place."

At the meeting, Mr Steel is expected to remind Dr Owen of the fate that awaits those who lead small breakaway parties and that if he soldiered on with an SDP splinter grouping he would be flying in the face of history.

He is also expected to go through the motions of trying to persuade Dr Owen to change his mind and join the new Alliance party, but there is little optimism that he will succeed.

Although Dr Owen will refuse to sign up with the merged party, his office argues that he still wants a good working relationship with the Liberals.

The question remains whether or not Dr Owen and any SDP MPs who refused to join the new party would face opposition in their seats at the next election.

Mr Steel will be able to point out that a splinter SDP would face opposition in local elections next May from the newly merged Alliance Party.

The SDP MPs will meet at Westminster on Thursday and an attempt will be made by those against a merger to stop Mr Robert Maclennan, member for Caithness and Sutherland, from going ahead with his nomination for the leadership.

Dr Owen is expected to speak from the floor of the SDP conference at Portsmouth on Sunday.

# Apathy 'hampers effective use of technology'

BY DAVID FISHLOCK, SCIENCE EDITOR

PUBLIC apathy is hampering Britain in making more effective use of science and technology, according to Sir Kenneth Durham, former chairman of Unilever.

He told the annual conference of the British Association for the Advancement of Science, in his presidential address last night, that another problem was an educational system which reflected or promoted apathy.

British industry had also been less skilful than its international competitors in harnessing new technology, while governments simply did not see what their role was in either promoting the importance of science or funding research.

He believed that industry should fund what he called "big D", or development — the most expensive part of the science and technology spectrum. Government should concentrate on research projects likely to be important to the country but unlikely to be funded by industry.

Sir Kenneth, asking the question "Who cares about science?" said Britain had got itself into a quite ridiculous situation in which the public did not care much about science and sometimes was even hostile towards science and technology.

He accused political parties of paying "only lip service to the crucial impact of science on the world economy."

Their economic advisers had not fully grasped or understood the rising importance of the new scientific dimension in the national and world economy.

Many who had graduated from British universities this summer knew little about science and were largely unaware of its impact on their lives or on society. Yet they would be required frequently to respond to changes in technology in whatever occupation they chose.

He said: "They will be required to do this more frequently than ever before and at an increasingly sophisticated level."

Technology - driven change meant British companies must react positively to maintain, let alone to increase, productivity and competitiveness.

It meant top management had to be committed to science-led change. "I am absolutely clear that the leadership for change must come from the chairmen or the managing directors of our companies."

Developments in solid-state physics and the micro-electronics that came from them were great levellers. "No group of personnel or type of business is immune from these developments."

There was a time when new technology came relatively slowly and, although it threatened the shop floor, it did not affect management much. "But now we are all threatened, from the board downwards and none more so than the middle management."

Sir Kenneth quoted a US study suggesting that in engineering companies the "half-life" of an engineer, the time for which his training remained adequate, was only about five years, while the Japanese were suggesting it would fall to three years.

The cost of retraining at all levels was high and was therefore a compelling reason for a company chairman to take a keen interest on the implications for his profitability.

# N Sea oil terminal to sell electricity to national grid

BY LUCY KELLAWAY

OCCIDENTAL PETROLEUM yesterday announced plans to sell spare electricity from its oil terminal in the Orkney Islands to the North of Scotland Hydro-Electric Board.

It will be the first time that the national grid has bought electricity from a North Sea operator. The supply will start in the spring and will provide for the purchase of up to 9 Mw of electricity, equivalent to about half the summer consumption of the Orkney Islands.

Since 1983 private companies have been able to sell surplus electricity to the national grid. At present nearly all of this comes from combined heat and power generating schemes used by industrial companies. In recent years the surplus sold to the Central Electricity Generating Board has been declining, partly because of the drive towards increased energy efficiency.

Occidental's Flotta terminal has six gas-fired generators with a combined capacity of 18 Mw, more than twice the terminal's power requirement. Two of the generators are idle.

Occidental said the deal would allow it greater flexibility in disposing of its surplus gas, which until now it has intermittently sold to the board's generator on Flotta Island.

# Swedish rubber group buys Birmingham company

BY SARA WEBB

TRELLEBORG, the Swedish rubber products group, has acquired Technical Polymers of Birmingham for an undisclosed sum as part of its plan to strengthen its position in the UK market for extruded rubber products.

Technical Polymers has a turnover of about £2.5m and employs 60. It manufactures extruded rubber and PVC products which are used for sealings, for example around windows and doors.

The company is to be merged with Trelleborg's subsidiary, Vaernamo Gummifabrik, which it acquired in 1980 and subsequently restructured to concentrate on extruded rubber products.

Last year, Vaernamo Gummifabrik showed pre-tax profits of SKr 22m (£2.1m) on turnover of SKr 245m but Mr Rune Andersson, managing director of Trelleborg, expects the merged companies to show profits of about SKr 30m on turnover of SKr 300m this year.

Trelleborg claims that with the acquisition of Technical Polymers it will have about one-third of the UK market, making it the market leader.



# Gas board opposes MacGregor nomination

By Maurice Samuelson

SIR DENIS ROOKE, chairman of British Gas, has written to 3m private shareholders urging them not to support the election of Sir Ian MacGregor, former chairman of the coal and steel industries, to the main board.

The board was already well equipped with members "with wide experience of industry in the public and the private sector" and were "unanimously and firmly opposed" to the proposed appointment, Sir Denis wrote.

"No acceptable reasons" had been given for the move which the board believed was "against the interests of the general body of shareholders and customers for a director to be appointed to look after the interests of one section of customers.

"The directors should broadly represent the interests of all shareholders, as they do under the present board."

The attempt to appoint Sir Ian is due to be made at Thursday's first annual meeting of British Gas at the National Exhibition Centre, Birmingham. Although Sir Ian is unlikely to be present, he has apparently not objected to the nomination.

His name has been put forward by Mr Philip Wright, managing director of Sheffield Forgemasters, a private steel maker which complained to the director general of fair trading that it is being overcharged by British Gas.

Rejecting Mr Wright's complaint, Sir Denis wrote: "We think that we supply gas to them at a fair price and are in the course of responding to the Office of Fair Trading. We do not think they should be able to improve their bargaining position by being represented on the board."

His letter accompanies an official circular by the company secretary outlining the proposed election. The corporation's biographical note about Sir Ian credits him with 14 other current directorships, on such companies as Lazard Freres, Highland Express and Clyde Cablevision. It makes no reference to his previous industrial appointments.

## Subaru car prices to rise by 3%

SUBARU is to increase its car prices by an average of 3 per cent from September 8, the first increase since December.

The price rises are due to increasing production costs from the manufacturer, the company said. Some models are not affected.

Nick Bunker looks at a big life company's switch in emphasis

# Man from the Pru changes policy

A MAN from the Pru rang the doorbell not long ago of a household in Shepherd's Bush, West London.

He was due to give the housewife a cheque for the proceeds of a life assurance policy. The husband met him at the door with a 12-bore shotgun.

"We handled that case in the end by correspondence," says Mr Len Parsley, district manager for Prudential Corporation in central London.

Mr Parsley trained as a printing compositor but he "saw the writing on the wall," and joined the Pru. Twenty years

BEHIND THE SCENES

on, he has 24 salesmen (agents in the dialect of Britain's biggest life insurer) to cover an oblong territory hugging the north bank of the Thames from west London to the City.

Once upon a time—though the Pru is different now—their daily round was dominated by one main task called "walking the debit." That was the phrase describing the monthly job of collecting from working folk the small sums that went to pay for the Pru's old "industrial branch" (IB) policies.

They called it walking the debit because each Pru agent kept his accounts in a ledger called a debit book.

Sometimes, when Mr Parsley was an agent outside London in the 1970s, policy-holders would leave the premium money in biscuit tins in the garden shed, or on top of the cistern in the outside toilet.

There are ageing customers in central London who still pay 1.5p a month to keep in force an IB policy taken out before the Second World War.

Mostly they bought them to meet the costs of a decent funeral. The premius were small and the proceeds were modest because of the cost of collecting the money door-to-door every four weeks.

Cashed in now, an old penny-a-week policy from the 1930s yields about £200. "It should just about buy a bunch of flowers," says one of Mr Parsley's four section managers.

The old IB business has ceased to be the agents' mainstay. The Pru has changed, and faster than the other old industrial life companies, such as the Pearl, Refuge and Britannic.

The Pru is selling unit trusts, buying estate agencies and it sends its London field staff to Watford for residential courses to learn about how to sell personal pensions.

The Pru's new red and silver logo, symbolising its new image as a dynamic financial services group, features on "for sale" boards in front of Art-Deco villas among the golf courses of south Buckinghamshire.

Mr Parsley keeps a row of management books by Peter Drucker and Robert Heller on the desk in his office above an Yves St Laurent boutique in Sloane Street, Knightsbridge. "Are you a winner disguised as a loser?" says a poster on the wall.

Mr Jack Gabb, a section manager who looks after six agents between Holborn and Pimlico says: "We used to be cash collectors who sold a bit. Now the idea is to be salesmen who collect a bit." Agents used to sell perhaps one with-profits policy a month. Now, they reckon on two a week.

The routine can be hard and the hours unsocial. In central London, the routine includes 40-minute searches for parking spaces, frequent wheel-clamping and many fruitless visits to customers who are away, or unwilling.

"Some people crack up. They have breakdowns," says Mr Parsley. Others, like him, feel they were born for the job.

An agent who sells hard can make £29,000 or £30,000 a year plus £720 expenses in central London, of which £5,900 at most is salary. The rest is commission income.

That would put him among the Pru's top 10 national salesmen and win him a place at the "star dinners" it holds for its best and brightest. Mr Parsley's lowest paid agent is making just under £13,000 in his first year.

Len Parsley: modern outlook faces old image

The work stretches across weekends and holidays because company policy dictates that each agent must give his home telephone number to all his customers.

Agents have about 600 customers on average and Mr Gabb often used to get half-a-dozen calls on a Sunday morning when he was a rank-and-file aegnt.

The Pru aims to settle a death claim within 24 hours, whatever the agent's plans. "Often, the old lady will still be in tears," says Mr Gabb, a former works manager in a wax factory.

An agent's weekday starts with a morning of paperwork at home, keeping up-to-date three branch" (OB) and "general branch" (GB) policies.

OB policies cover life and pensions premiums other than the old IB type and Mr Parsley's 24 agents collected between them £2m of OB premiums last year.

GB is for fire, theft, motor and liability insurance, and here they took £1.1m.

Administration of all three types, including claims processing, eats up so much time that an agent in central London may have only one day a week completely free for making sales.

At 2 pm, the agent starts on the road, to finish perhaps at 10 pm. Mr Gabb starts one afternoon by calling on an office block where he knows a small businessman who may want an executive pension scheme. The man is out.

He leaves his car in Bow Street and risks a wheel-clamping while he rings a woman in her 20s who has just had a child and may want a life assurance policy as a way of saving for school fees. She is not there.

He thinks he might strike gold when he calls on a second-floor office in Covent Garden. The tenant, a small businessman, is claiming £300 on his contents policy for a stolen video recorder. Mr Gabb tries to interest him in an employers' liability policy, or a pension scheme for his staff.

"I'm sorry," says the businessman, he already has them with other companies. "I just didn't think of the Pru. To me, the Pearl and the Pru have always been the same—dependable, honest and boring."

Out on the street Mr Gabb shakes his head. "It's the old problem," he says. "It takes a long time to change your image."

# SE confirms substantial inter-market business

BY TERRY BYLAND

Statistics on UK securities trading for last month, published by the Stock Exchange, confirm that inter-market business—deals between market making firms—makes up a substantial part of daily turnover in Government bonds and domestic equities.

Of the £93.55bn turnover in government bonds in July, £48.26bn, or 51 per cent represented inter-market business.

In domestic equities, £26.52bn, or 46 per cent, of the month's total of £57.27bn, was inter-dealer business.

The proportion was £903.8m or 7.4 per cent out of £12.11bn turnover in foreign shares.

Total customer business in equities and fixed interest stocks — trading originated by institutional or private investors outside the market —was down 7.2 per cent at £92.19bn. Markets reached 1987 peaks and then fell

The domestic equity portion dipped to £30.76bn, a fall of 17.6 per cent against the June total, while gilt-edged customer business fell 20.2 per cent to £45.32bn.

The statistics bear witness to the increase in inter-market trading since Big Bang. The substantial increase in the number of market making firms has made the London market more competitive.

# Welsh urban development grants 'successful'

By Anthony Moreton, Welsh Correspondent

URBAN DEVELOPMENT grants in Wales have helped regenerate rundown areas by restoring derelict land and buildings, have attracted significant private investment and been undertaken at a relatively low cost per job created.

These are the main conclusions of a report published for the Welsh Office today, which looks at the working of the Government initiative in four separate parts of South Wales since the grants were introduced in 1982.

The study, prepared by a team from the University of Wales Institute of Science and Technology under Dr J. Alden, showed that the leverage of private capital to public investment was in all cases below the Welsh average but that "there are many other benefits to be considered besides the leverage ratio achieved. The overall net gain produced by the UDG for each project area has been much greater than that shown by the leverage ratio alone."

The report was welcomed by Mr Ian Grist, Welsh Under-Secretary. "The benefits derived from individual projets can make significant contributions to the economic and social wellbeing of an area as well as helping to create a better environment," he said.

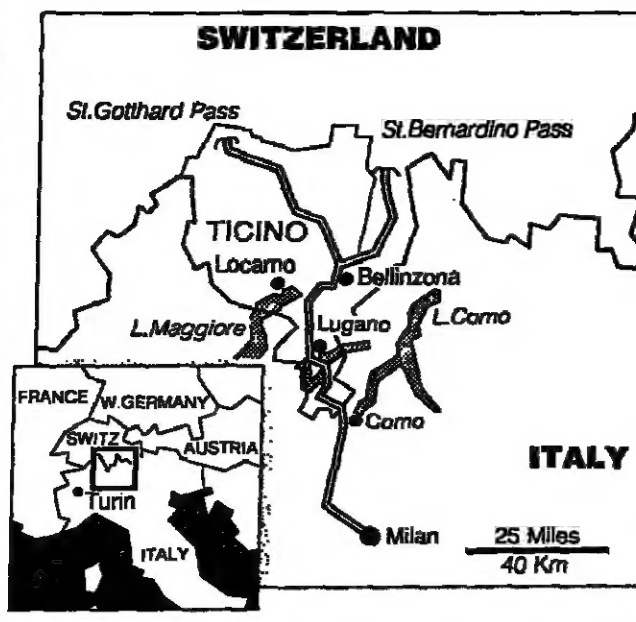
The cost per job created in the four areas — Aberdare, Rhymney in mid-Glamorgan, Brynmawr in Gwent and Bynea outside Llanelli — varies from just under £1,000 to less than £3,000, and in each case nearly all the work created went to local people, many of whom were previously unemployed.

In addition each of the projects on completion "made a useful contribution to rate income as well as to personal income of the local area."

To the end of 1985 the Government had backed 32 projects in Wales to the tune of £18.4m. The private sector had put £90.5m into the scheme. This was a slightly higher ratio than that achieved in England during the same time when £85.4m of public money attracted private sector investment worth £354m.

The university team is also undertaking a related study into the largest undertaken urban development grant in Wales — £2.5m towards the building of a hotel in Cardiff.

# MANAGEMENT: Small Business




## A climate of endeavour

### William Dullforce describes enterprise in Switzerland's Ticino canton

TICINO, Switzerland's Italian-speaking canton, is trying to marry competitive industry with quality of life. Its current experiment in regional industrial development offers Europe's small businessmen very favourable conditions for testing the opportunities.

The clue to success lies in Ticino's climate - in more senses than one. The canton adds to the attraction of living and running a business on the sunny southern slope of the Alps by assiduously nurturing an entrepreneurial climate. Official policy is biased in favour of free enterprise and financial support for the right kind of industrialist.

Investors, such as Justus Dornier of the West German aircraft manufacturing family, find in the canton a working climate combining Latin inspiration with German discipline which they believe is particularly apt for modern, innovative production and marketing. Dornier has invested in a plant making advanced equipment for the semiconductor industry.

More mundane mass products are also being manufactured successfully. By an innovative adaptation of cast extrusion machines, Exten, which has only 36 employees, is producing 24 hours a day, seven days a week, multi-layered polyethelene for disposable nappies which it sells throughout Europe.

Since 1982 Exten has invested roughly SFr500,000 (£202,000) per job and is winning a return on its investment of about 20 per cent, according to Marco Casella, its managing director.

Ticino is small business country par excellence. With a population of only 275,000 in an area of 2,800 square kilometres, it sports some 470 enterprises. About 10 per cent of the labour force is self-employed.

An arrowhead with its base on the Alps and its point thrust into Italian Lombardy, Ticino was for centuries one of the poorer regions of Europe, reaping only minor benefits from being on a trans-Alpine route. The St Gotthard pass and, later, the railway tunnel brought most advantage to its German-speaking neighbours to the north.

Many Ticinesi emigrated to North and South America in the 1920s and 1930s but in the post-war period the canton experienced a remarkable improvement in living standards. By 1985 per capita income had reached SFr26,300 (£10,690), still some 16 per cent below the Swiss average but Ticino was no longer one of the poorest cantons.

Expansion of the tourist industry, concentrated round the northern part of Lake Maggiore and Lugano, was one factor. The building of the motorways, steel-making, machine tools and the manufacturing of clothing for the Swiss and German markets brought industrial development.

Tourism and services now provide around 60 per cent of the jobs in the canton. Local opinion is uneasy about this one-sided development and a crucial consensus has emerged in favour of not letting industrial activity fall below the current level, at which it provides roughly one-fifth of the jobs.

A new law on industrial promotion, which came into effect last November, sets out two objectives: to heighten the technological level of the industrial sector and to raise the level of education and skills among its employees.

A further unstated criterion is to give preference to "clean" industry which fits the ecological requirements of a holiday region where tourism is a very important source of income.

The canton's strategy is aimed at exploiting the opportunities that modern technology offer to manufacture outside urban and industrial conglomerations and it plays to the canton's own strength.

One is its proximity to Lombardy, a dynamic industrial centre, a market for component suppliers and a source of both investment and relatively cheap labour. Another is improved communications since Ticinesi industry must aim for European and even international markets. Switzerland has a free trade agreement with the European community which opens that market to industrial exports from Ticino.

The north-south motorway has been completed, the new road tunnel under the St Gotthard has been operating since 1980 (but queues still form at summer holiday peaks) and Crossair, the local Swiss airline, flies regular services from Locarno airport.

Financial advantages are in place or offered to the right investor by the cantonal government. With a strong Swiss franc new business is bound to be capital-intensive, but loan capital is available from local banks at interest rates down to a third of those charged in Italy. A sample of seven entrepreneurs said they had no problems raising finance.

Cantonal financial backing has been refined in the new law to give a more "dynamic" effect. The basic form is tax exemption, which is accorded for a maximum of five years and can amount to as much as 15 per cent of investments (or 20 per cent in "economically threatened" districts).

Exemption is divided into equal annual parts. The refinement in the new law is that, if the annual tax payable is less than the exemption accorded, the remainder is made up to the company by a direct grant from the canton.

Investments in patents, research or market feasibility studies are eligible. Aid can go not only to new businesses but also to existing enterprises introducing innovations or expanding production which has already reached a high technical level.

Among large companies important to Ticino's regional development are Zambon Group, an Italian pharmaceuticals manufacturer whose Ticino subsidiary, Inpharzam, is the holding company for all Zambon's non-Italian operations, and the Van Roll steel-making plants at Monteforno, and Agie, which makes spark-erosion machines at Losone.

There have been a number of spin-offs from Agie and engineers and computer specialists trained at Agie have set up on their own.

One problem, highlighted at a recent business lunch, was the estimate that the salary a post-graduate could command north of the Alps was around SFr7,000 a month as compared with SFr5,000 he could be offered in Ticino.

Cheaper housing and other lower living costs, it was agreed, would reduce the SFr2,000 gap to around SFr800.

For industrialists in Ticino quality of life does not mean an easy life. Survival depends on hard work, flexibility and the readiness to risk a change of product or market almost overnight.

Diamond, a business sited within 5 minutes of the lakeside towns of Locarno and Ascona to which German tourists flock in summer, set out in 1958 to make diamond and sapphire tips for record players.

In the 1970s it switched just in time to making polycrystalline diamond tools. In the 1980s it made a risky jump into connectors for fibre optic lines. It has doubled sales in each of the last six years, reaching SFr21m (£8m) in 1986.

It has just expanded staff and plant, invested in new automatic production equipment, reduced its prices by about 40 per cent and is breaking into new markets.

Success like that calls for both technological imagination and nerve. Ticino's aim is to provide the social and economic climate in which that kind of entrepreneurial nerve can flourish.

Roken Electronics

## Making waves at a trade fair

### Dina Medland explains how a UK soldering equipment maker found a Japanese customer

ATTEMPTING to sell electronics equipment to the Japanese is a prospect that could justifiably intimidate any small business in the UK. But Roken Electronics (Europe), a manufacturer of wave soldering machines with a workforce of just 10, is undeterred.

Despite its modest resources, Roken has managed to attract a subsidiary of Japan's giant Mitsubishi group to represent it. Its outlay has been minimal, because the company took advantage of UK Government and other subsidies to exhibit its product at a trade fair in Japan.

Roken, which is based in Andover, Hampshire, is run by husband and wife team John and Lyn Roberts. It started to manufacture in 1974, when John Roberts, now 53, bought out the wave soldering unit at Jidenco, a company where he was sales director. Wave soldering is the means by which a whole series of semiconductors can be soldered in one go, rather than by hand, a laborious and time-consuming process.

In 1979, Lyn - now 33 - joined him in the business, her previous work experience having been as a cashier in a bank. While John Roberts, a mechanical engineer, dealt with the technical aspects of manufacturing wave soldering machines, his wife, as sales director, concentrated on building up the marketing end of the business.

Roken counts some well-known names among previous customers, including ICL, British Aerospace, AEG (UK), Plessey Avionics and Thorn EMI.

"We also make surface mount soldering machines which are just coming into the commercial market in the UK, but which we have already been selling for military use to Marconi and Plessey, among others," says Lyn Roberts.

In its last financial year (to February 1987) Roken doubled its turnover to £241,084, showing a profit of £21,798. Some 45 per cent of its sales are directed overseas.

So far its exports have mainly been to the Continent and the US, but this year could represent a breakthrough in the Far East.

It was a year ago that "we decided we needed to expand our overseas market," says Lyn Roberts. "The British market tends to go through large fluctuations and you can end up on a knife-edge too easily, so we thought it would be better to spread our wings. I was aware that there was a market for the smaller (wave soldering) machines in Japan and that the Japanese had changed their attitudes about trading more openly with the West," she says.


John Roberts and Mark Brewer of Roken with two engineers from Chiyoda who came to Andover to learn how to run the machines

Roken then contacted Cahners Exposition Group in Surrey, which organises international exhibitions. Many of these attract the members of specific trade associations or chambers of commerce - specialising in electronics, or agricultural products for example - which may then be eligible for subsidies from the British Overseas Trade Board, part of the Department of Trade and Industry.

After contacting Cahners, Lyn Roberts talked to the Westminster Chamber of Commerce - which includes electronics within its range of interests -to find out levels of financial support for the Internepcon Semiconductor exhibition in Tokyo.

"We simply would not have gone to Japan if it had not been for the Westminster Chamber of Commerce," she says.

The hefty subsidies provided by the joint venture scheme between the BOTB and the Westminster Chamber allowed Lyn Roberts to fly to Japan at a cost to herself of just £100, with exhibitors' fees substantially reduced and freight costs paid for.

Once in Tokyo, she sailed into the exhibition with a keen eye to assess the competition. "The most obvious thing to me was that there is nothing in the low-to-medium range of these machines - those on offer are all very expensive, and there is clearly a gap in the market," she says.

There were only two similar small machines in the entire exhibition, selling for approximately £10,000 a piece, she adds. Roken sells its wave soldering machines for approximately £6,000.

"The Japanese market offers a great deal of scope at two ends. There is the smaller user who wants to move to automated soldering but can't afford it at Japanese prices, and there is the larger, high-volume manufacturer who wants to devote some of his equipment to a dedicated line (a specific product)," she says.

Looking for an agent during the three-day exhibition in January, Roken was approached by several companies, of which it found Chiyoda Trading Corporation both determined and efficient.

Within a week of her return to England, Lyn Roberts received answers to Roken's queries from Chiyoda. In April, Roken appointed Chiyoda as its sole distributor of wave soldering machines in Japan. Then, in June, two Chiyoda engineers went to Andover to learn how to run the machines and, while they were there, changed their order for a more sophisticated machine that was not on display at the trade fair.

The first machine is due to go to Japan this month, to be used for demonstration and marketing purposes. It will be exhibited at a major electronics exhibition in Osaka in October, which attracts some 300,000-400,000 Japanese visitors.

Roken is optimistic that sales will be generated as a direct result of the Osaka exhibition. Lyn Roberts quotes an initial Chiyoda sales forecast of orders to the value of £50,000 in the first year on the small machines alone.

Although pleased at the pace of events, Lyn Roberts is not complacent about future orders through Chiyoda. "The Japanese are very precise people. They are happy we've sold them the first machine, but they aren't going to be happy with that one for long," she says.

"They are at the forefront of development, but we are going to be feeding off them just as they are going to be feeding off us. They can provide us with technological information, and we can provide them with further developed equipment."

The indigenous competition in Japan does not intimidate Roken. "The labour costs there are very high, but we have no idea why the machines they produce are so expensive, or why they look like some of Heath Robinson's creations," says Lyn Roberts.

But with other European and US companies making similar machines, the field remains very competitive.

"In Japan we like to mass produce to minimise cost, but there are few medium to small range wave soldering machines at a reasonable cost and increasing demand for them," says a Mitsubishi official.

"Our competitors (marketing these machines) have exclusive arrangements to distribute their products. We will lose exclusivity if we are not successful in marketing Roken machines within our two-year contract."

Mitsubishi gives Roken full credit for being "a very aggressive company," but points out that its timing has helped. "The sterling/yen exchange rate os very favourable for British exporters...and there is pressure on us to buy British," he adds.

But there is a cautionary note - "After-sales service is extremely important in Japan, and without it we cannot hope to proceed with sales. We are currently setting up after-sales service but we are not yet sure about its success," says the Mitsubishi official.

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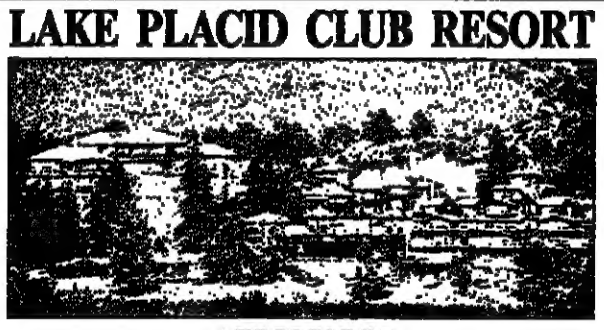

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Publication date October 14, 1987 — Advertisement Copy date October 1, 1987

The Financial Times proposes to publish this survey on the above date. A number of areas will be covered including:

Euro-lawyers
National laws v International Business
Austrian law and lawyers
Barristers and clerks

Editorial Information

Please address all enquiries or suggestions concerned with the editorial content of this survey in writing to the Surveys Editor.

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NOTICE IS HEREBY GIVEN, pursuant to section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above company will be held at The Griffin Hotel, 10 Church Road, Caversham, Reading at 10.30 am on Thursday 18 September 1987 for the purpose of having laid before it a copy of the report prepared by the administrative receiver under section 48 of the said Act and, if thought fit, appointing a committee.

Creditors are only entitled to vote if:

(a) they have delivered to me at the address shown below, no later than 1200 hours on Wednesday 16 September 1987, written details of the debts they claim to be due to them from the company, and their claims have been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

(b) there has been lodged with me any proxy which the creditor intends to be used on his behalf.

Date: 18th August 1987

JM Iredale
Joint Administrative Receiver
Cork Gully
Phoenix House
Station Hill
Reading RG1 1UN

**CLYDE SHAW LIMITED**

A Petition was presented on 18 August 1987 to the Court of Session by Clyde Shaw Limited a company incorporated under the Companies Acts 1948-1983 and having its Registered Office at Craigneuk Works, PO Box 5, Motherwell, Strathclyde, ML1 2NR for Confirmation of Reduction of Capital.

On Thursday 20 August 1987 an Interlocutor was pronounced in the following terms:

"The Vacation Judge appoints the Petition to be intimated on the Walls and in the Minute Book in common form and to be advertised once in each of the Edinburgh Gazette, the Financial Times and Glasgow Herald Newspapers; appoints all parties claiming an interest to lodge Answers thereto, if so advised, within 21 days after such intimation and advertisement.

W. Douglas Cullen"

Of all which intimation is hereby given.

DUNDAS & WILSON, C.S.,
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Solicitors for Petitioners

# THE ARTS

## Exhibitions in Venice/William Packer

# More than a whiff of the Satanic

The long-term support being given to the Palazzo Grassi in Venice by the Fiat Corporation, which has already involved the building's entire remodelling as major exhibition gallery, now continues (until October 18) with the sponsorship of a full retrospective study of the work of the Swiss sculptor, Jean Tinguely.

Just another such study, set up by the Zurich Kunsthaus, toured Europe only in the early 1980s, coming to the Tate in the autumn of 1982, so we might be excused for feeling that this current exercise follows rather hard upon its heels. But is is a truism of art that to put even the selfsame work into another place is to make the exhibition afresh.

Superficially Tinguely's extraordinary contraptions whirr and clatter, potter and tick as they always have, yet to see them in Venice, even in Madame Aulenti's elegant conversion, is to see them in a new light, which casts them in a less playful, more melodramatic and even sinister a mood.

This quality is most mischievously macabre in its demonstration in the work installed in the little deconsecrated church of San Samuele next door to the Palazzo, which has been taken over for the occasion. There a dreadful congress of manic machinery echoes and bangs away, throwing fearsome shadows upon the walls that seem even to mock the ancient purpose of the place. The arrangement is consciously theatrical, tableau set beside tableau with what might be a huge substitute for the hidden altar, insistently frontal and uncompromising, thrown across the chancel steps. Most certainly there is more than a whiff of the Satanic to it all, though we keep our fingers safely crossed.

These are all fairly recent works, and the high central hall of the Palazzo and the first exhibition floor, which holds the principal galleries, are also given over to the work more or less of the last 10 years. Though they are presented as quite separate and distinct works, the essential, all-pervading theatricality, with its sense of set piece and performance, is no less strong.

We come upon a bench full of awful mechanical toys, desperate parodies that flop or writhe by the most wonderfully simple articulation when we press the button or trend an the switch. Filling the next room, beneath a heavy, carved and gilded ceiling, we confront in the gloom a true Inferno, a dense maniacal assembly of mechanical beasts and monsters, in which each element works quite distinctly yet makes up the crowd. There is a dreadful intent purpose and resolution to each incident fixed in its immutable, hermetic cycle, slow or fast, regular or spasmodic, crash, bang, wallop. Then we turn to a row of veiled beasts, goat and ox skulls that yawn and grin as the cogs turn, like masked characters in some travesty of the Carnival. It is all both disturbing and hugely entertaining.

But it is not just the imagery, strong as it is, that holds our imagination, nor just the movement alone that catches the eye. Tinguely calls himself a sculptor of movement, and it is the formal control by which he realises and expresses it to serve his strange beasts that is even more remarkable.

Form and content march together. The wheels turn, the cogs wobble into gear, and whatever happens is not arbitrary at all but most carefully contrived to the last shudder or ping. The orchestration of each part to the other is exact, one thing leading on to the next, now active, now passive, now expressive and all working up to the final most satisfying resolution, at once inevitable and unexpected.

Tinguely, now in his early sixties, is very much the child of his age, post-war heir to Dada and the more anarchic strain in constructivism and uninhibited surrealism. His great models are Schwitters and Picasso, Miro, Calder and Giacometti, and through the upper galleries of the Palazzo we can follow his personal development to his present position. And beneath all the fun of the fair and the rich mechanical wit, it is possible to detect the more desperate jollity that approaches despair. His machines work beautifully and yet do no work at all, and we must spell out their dark, ambiguous message for ourselves.

Rather more than a catalogue, *A Magic Stronger than Death*, by Pontus Hulten and Tinguely himself (pub. Bompiani) supplies the fullest possible documentation of the artist's career to accompany the show.

★

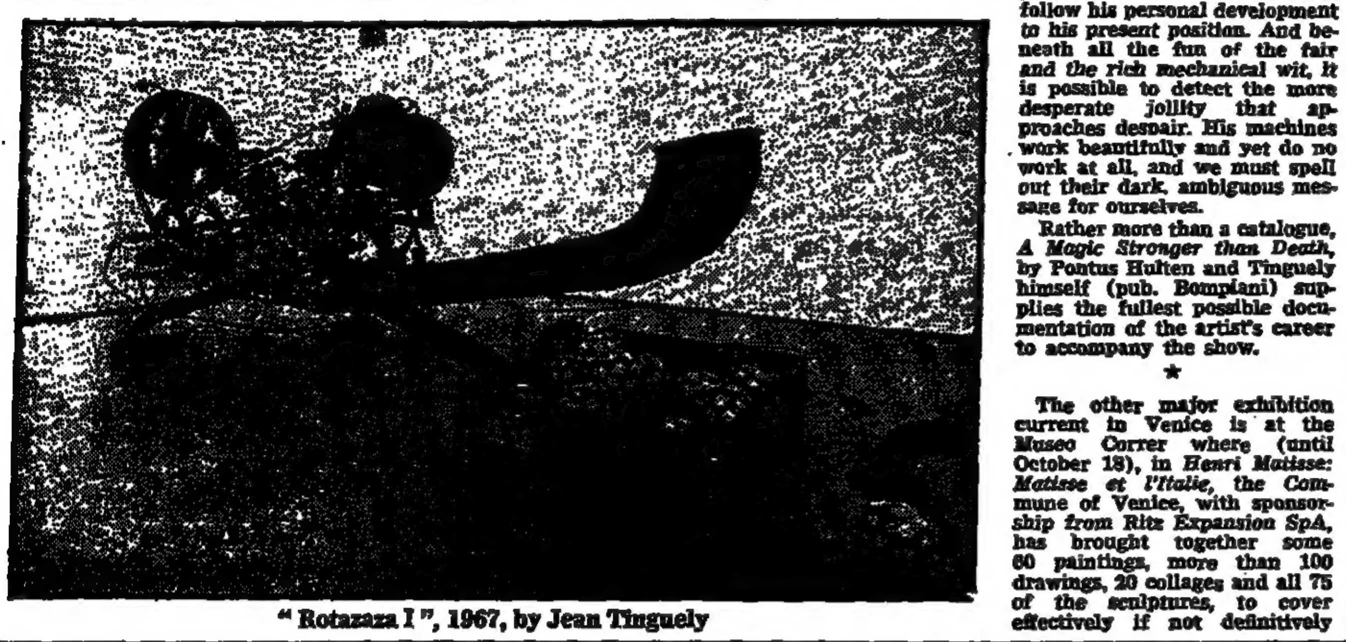
The other major exhibition current in Venice is at the Museo Correr where (until October 18), in *Henri Matisse: Matisse et l'Italie*, the Commune of Venice, with sponsorship from Ritz Expansion SpA, has brought together some 60 paintings, more than 100 drawings, 20 collages and all 75 of the sculptures, to cover effectively if not definitively the artist's entire career.

The argument of the show is to establish the cultural debt Matisse owed to Italy which, as an excuse for bringing so many lovely and remarkable things under one roof, is fair enough. But to try to push it through, whether in general or particular terms, is more problematical. The truth is that the influence of Italian art is so all-pervasive that what one may argue for Matisse may be argued for almost any other great artist, whether he ever travelled in Italy or not. Certainly for any French artist in the least familiar with the collections of the Louvre, such an influence would be inescapable.

To trace, therefore, the compositional echoes of Michelangelo's reclining figures of *Night* and *Day*, in the Medici chapel in Florence, in the life drawings of Matisse is reasonable enough, but only as the kind of reference any artist might make to a work of the old masters that particularly takes his eye. That it happens to be Italian is beside the point. But to see any model posed with her chin on her fist as a positive reflection of the attitude of the great Lorenzo de Medici himself is to stretch the point a shade too far.

None of this is to suggest that this is anything but a most wonderful exhibition, with great works at every turn that are all the more exciting for being comparatively unfamiliar —from the early academic life studies of the 1890s and the portrait of Madame Matisse of 1901, standing in a dark corner of the studio luminous in her kimono, to the great decorative panels in *gouaches découpées* of the early 1950s. A small group of tiny paintings of girls' heads that fill the canvas, made around 1917, pitched low in tone and rich and sombre in colour, carry all the psychic intensity of their contemporary Italian metaphysicals, yet with none of their conscious ambiguities. Such things are worth travelling even to Venice to see simply for themselves.

"Ritratto di Nono" by Henri Matisse, 1907



"Rotazaza I", 1967, by Jean Tinguely

## La traviata/Albert Hall

### Max Loppert

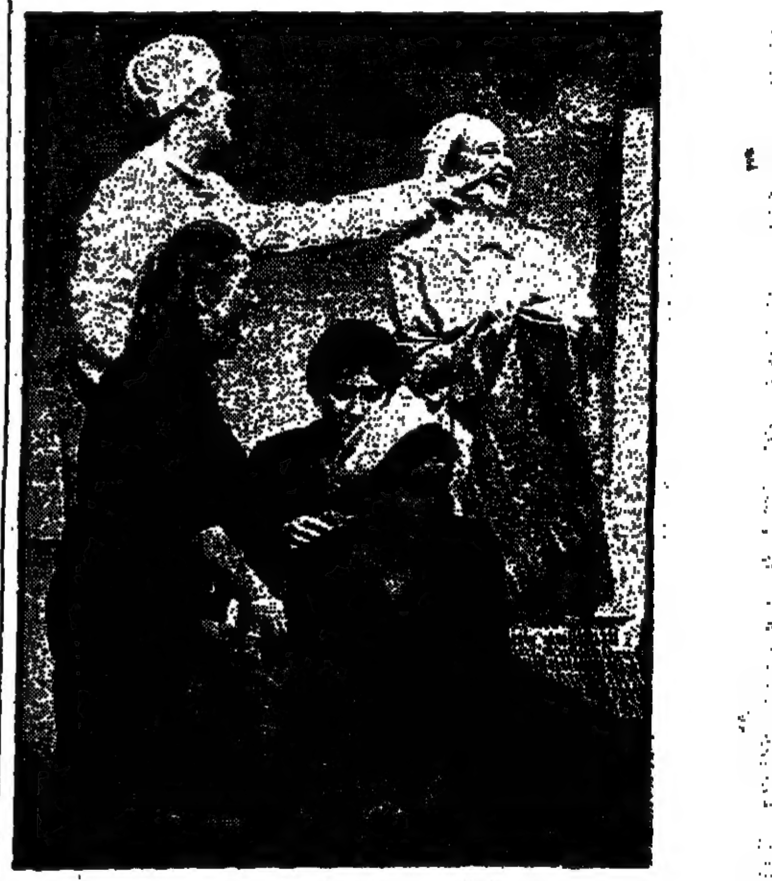
This year's Glyndebourne Prom presentation was *La Traviata*. The opera had provided one of the two new productions of the festival season; Sunday's London translation, semi-staged (by Christopher Newell), following the already venerable tradition of such occasions, could hardly have hoped, or managed, to recollect the copious detail of Peter Hall's original, which depended for some of its most distinctive and thoughtful effects on stage trappings unavailable in this wide, grandly exposed theatrical forum. But in the same way many of the less convincing aspects of the show, which were also a by-product of design, were avoided there; the outlines of the Albert Hall *Traviata* were cleaner, simpler, and on the whole preferable.

Another startling difference between Sunday's performance, an eloquent and moving one, and that rather strained, uncomfortable opening night in Sussex last May was registered by the enormous increase in the authority, flow, and simple rightness of Bernard Haitink's Verdi conducting. In that admirable way that one recognises as a Haitink trait, he has worked, hard and purposefully, from the earlier point to the later; on Sunday the lines of the acts seemed no longer laboured, the melodic shapes no longer fussed over or hard-pressed.

The ideal *Traviata* combination of nervous intensity, lyrical grace and Italianate lightness of sound is not yet his to command (whose is it, these days?). But the keenness of response to details (such as the rhythmic pointing of accents in "Parigi, o cara") must now stand for the conductor's larger — and, on its own terms, comprehensively masterly — theatrical control of the work. The London Philharmonic was in superb form, the splendid opposite of end-of-term weariness.

In the male principals one noted with pleasure a similar growth of understanding. Brent Ellis's senior Germont remains a little too thickly enunciated for my liking — his Italian consonants tend to leave a slightly gluey impact on the line. But there was none of the loudness-for-its-own-sake that originally marred his singing, and much more subtelty of characterisation. Walter MacNeil's Alfredo, though he is unlikely ever to expose to the world a soul of southern ardour, now exhibits classical Verdian virtues (excellent diction, limpid phrasing, freshness and ease of tone, a general certainty of musical taste) that it would be terribly unjust to underrate.

For the occasion Marie McLaughlin, the young, beautiful, very promising festival Violetta, was hard at work in Salzburg, and had therefore ceded her place to Ileana Cotrubas, a Violetta famous and long-experienced (internationally, if not at Glyndebourne). I have not heard the latter sing so well for ages. The uneven flecks in the middle voice remained, so too the occasional curdling of phrase-ends; but their intrusion on the emotional power and depth of Cotrubas's delivery, her ability to rend the heart with naked directness and honesty of approach to the character, was insufficiently serious to be worth remarking. (It is time, though, to abjure the unwritten, and here unhappy, E flat *in altissimo* at the end of Act I.) The Albert Hall shrank to drawing-room size around her—surest sign of the successful whole performance, and of a single artist's communicative strength.



Scene from "The Dream Ticket"

# Music in Edinburgh looks up, Japanese theatre visits the moon

*Two things happened at the weekend to brace Edinburgh's anodyne musical programmes.* One was the arrival of the Pittsburgh Symphony to take up its unprecedented Festival residency (sponsored by H. J. Heinz Company), and the other was a series of daytime chamber concerts with 20th-century music chosen by Esa-Pekka Salonen (and sponsored by the Scottish Post Office).

Whether this display of enterprise comes in time to restore the Festival's dwindling concert audiences is an open question: for the solid Pittsburgh programme on Saturday, with Lorin Maazel and Peter Donohoe, the upper tier of the Usher Hall was largely empty, and the Queen's Hall was very far from full for the contemporary concerts.

They all deserved better, which suggests inescapably that the hordes who are thronging Edinburgh are not, these days, primarily music-lovers — or at least that they get enough music during the rest of the year (as perhaps Edinburghers themselves do) not to be tempted by Festival fare even at modest prices. Or is it just that the mystery-tour seductions of the theatrical Fringe are irresistible?

Without surprises — save for the last-minute appearance of Donohoe in place of the disabled Horacio Gutierrez — Maazel's Saturday concert was thoroughly satisfying. It was also notably well planned, moving backward from Morton Gould by way of Hindemith to Brahms. Gould's "Classical Variations on Colonial Themes" (18th-century American tunes: two hymns and a song) was actually a European première. Commissioned two years ago by the Pittsburg Post-Gazette, it shows the composer (going on 74 now) in his customary professional form, ingenious and engagingly colourful.

It showed off the orchestra to fine effect, too. Super-reliable American brass, but never brazenly domineering; sound collective balance all round, with the strings enhanced by their especially strong, unanimous viola section. They did justice to the Usher Hall, which remains arguably the best place in Britain to hear orchestral music. And they did committed justice to Hindemith's *Mathis der Maler* suite, with the argument firmly expounded by Maazel and a blessed refusal to exaggerate the "Temptations of St Anthony" section into *grand guignol*.

Brahms' Piano Concerto No 2 went from strength to glowing strength. Maazel ensured that both the earlier movements opened and closed with imposing dignity, though Donohoe took a little time to find the right dimensions. From the cello solo in the Andante, delivered with lovely, unforced naturalness, everything settled into place: Donohoe revealed limpid depths in the piano meditations, and the Finale was an inspired collaboration. This partnership would be greatly worth pursuing.

★

The first of the Salonen-devised concerts brought the Arditti Quartet (who probably needed very little prompting) in their current peerless form. Elliott Carter's Quartet no. 4 not only enjoyed the scrupulous modelling of their Almeida Festival performance in June, but had acquired an extra lyrical confidence: phrases sang out, and Carter's intricate musical developments became gratifyingly accessible to the ear. As somebody remarked, this is really "late-Beethoven" Carter, with rewards to be fathomed over many more hearings.

Hard on the heels of Sofia Gubaidulina's Second Quartet, the ten-minute jewel I admired at the Kuhmo Festival last month, comes her Third, a BBC commission entrusted to the Arditti. It is half again as long, more developed but more elusive — the first several minutes, played in various ways without bows, involve sounds so tiny that they must presuppose radio broadcasting, or at most a very small room. Against soft open-string harmonics, small chromatic patterns become (just) audible. The basic materials of string-playing are being delicately reviewed; bowed phrases at last arrive as if in humble awe. Some intimate polyphony expands, and finally whistles away into the stratosphere.

Young Kimmo Hakola's recent quartet had any amount of inventive energy, less command of its ambitious form, plenty of promise. Salonen and his Finns figured several times, with the cellist Anssi Karttunen and the pianist Tuija Hakkila (expert but hard-fingered) giving the Saturday afternoon concert, which included racing virtuoso solos composed by Salonen himself. The Finno-American Charles Wuorinen was represented by *Duuiensela*, a fervent rhapsody like many another. Edinburgh's Russian theme was answered by Edison Denisov's 1971 Cello Sonata, a bit like Fauré's "Papillon" on speed, and by Schnittke's Second Quartet, where the Arditti made much of the glassy opening, the dark chant-based middle and the final ominous tolling.

**David Murray**

The official theatre wing of the Edinburgh Festival last week took in a handful of performances from the Yume no yuminsha Company of Japan who descended dizzyingly on the Royal Lyceum and, cultural differences notwithstanding, looked exuberantly at home in that starry cerulean interior.

The show is written and directed by Hideki Noda, a 33-year-old idol whose phenomenally successful satirical extravaganzas mark him out as a mixture of Monty Python, David Bowie and the young Jean Cocteau. The plot is surreal, nonsensical and defies resumé. Instead of earphone commentary the company opted for a benignly authoritative narrator complete with fan, in a box, whose valuable clues to the mystifying effervescence on stage included such exclamation as "watch the boys play the tail-plucking game" and "The boys are collecting telegraph-poles" and even an admonitory "the half-rabbits possessed by humans are back!"

Our hero, Apollo Juichi, is a record-breaking boxer, having lost 127 consecutive bouts, knocked out in each. His obsession with space leads him to meet the Rabbit (the Japanese equivalent of our Man) in the Moon, acrobatically embodied as a bunny-girl by the charming Aya Anjoji. His path further crosses those of Thor Heyerdahl, of Kon-Tiki fame, and Boy Brian, the hero of a Jules Verne novel about 15 boys on a raft (which sounds to me ideal material for Lindsay Kemp's next production).

All this is combined with a mysterious disease in which animals possess humans and then proceed to act as humans—eat, work get the kids to school, do the laundry, have sex—"what a disease!" they cry in horror. It takes all the caperings of leaping white-coated doctors (some of whom turn mid-air somersaults as they hurtle from boxes on to the stage) and the cryptic utterances of a grinning character called Idiot to reveal the true awfulness of the disease: people are turning into people.

The story has a sporadic, swooping, oblique logic: Lewis Carroll in a kimono. But we are never allowed to be bored or puzzled, for the spectacle bounds breathlessly through circus scenes (fairy-lights, fairground music, the whole company juggling) to Hollywood send-ups to ravishing Japanese court costumes—the antique court exists, apparently, on the moon; as in Janácek's *Mr Broucek* space travel and medievalism happily co-exist. A male in drag as a bespectacled housewife with shopping basket briefly recalls *Python*; the sudden appearance of a dozen identical figures for no apparent reason shows how much madder Mr Noda can go.

Setsu Asakura's beautiful timber set can quickly inlay its pallisade with decorative panels for the scene-changes—these, besides the moon, include ruins, a laboratory, a boxing ring and the interior of a specimen slide. The author doubles as an unrepresentational Heyerdahl and an ancient princess in 12 layers of clothing; Akiko Takeshita makes a delightful principal-boy figure (with a touch of Huck Finn) of the raft-bound Brian; and as Apollo, Shozo Uesugi recalls another sturdy, questing boxer in a fantasy world: Kilroy in Tennessee Williams's *Camino Real*. This utterly engaging show has the same free-wheeling, baroque imagination, is as disarmingly warm-hearted, and is above all sheer fun.

**Martin Hoyle**

## The Dream Ticket/NYT

### Claire Armitstead

The National Youth Theatre, with a new artistic director and an exchequer swelled by a major sponsorship deal with Sainsbury's, has found just the sort of play it should be doing in the latest work from former company member Christopher Short. Offsetting Eliot's *Murder in the Cathedral* on one hand and Brian Friel's *Freedom of the City* on the other this strong production at the Jeanetta Cochrane Theatre, smartly directed by Paul Clayton, re-affirms that not all the British dramatists able and inclined to deal with contemporary political experience are nearing the age of 40.

Short, twice winner of the NYT/Texaco playwriting prize, was commissioned to write *The Dream Ticket* by Michael Croft, founder and director of the company until his death last year. In it, the young playwright bites off a chunk of Labour history extending from the depressed 1930s under Ramsay MacDonald to the depressed 1980s in an imaginary northern industrial town that is a bastion of old socialism.

The sitting MP's death in unsavoury circumstances prompts a two-horse race for selection between an unseated careerist politician of uncertain origin and a local graduate activist. The by-election focus is trained on a sit-in by women workers at a local cigarette paper factory, whose lot in the opportunist '80s is brought into sharp and revealing contrast with that of their grandmothers half a century earlier. Where their grandmothers aired their grievances by marching on London, the factory girls are commandeered by a local theatre company for the sort of publicity stunt demanded by the television age. At a loss for a story to dramatise they seize on a diary from 50 years ago.

The structure of the piece allows rabble-rousing route-songs (Law and order's Got the Wind Up "chanted to the tune of 'Glory, Glory Alleluia'") to be spliced with the pacey modern dialogue of the shop floor, and creates some stretching doubling for the cast. Brigid Nelson, for instance, plays hunger-marcher Vera, who steals from the collection tins to buy a post-card for her family, and super-grass Maureen, whose self-interested snitching causes the strikers to be outmanoeuvred while Cathryn Owen creates in Annie/Dolores a pocket battleship of working class pride and the leather mini-skirted girlie she might have been 50 years later.

The central confrontation, though, is between Lawrence Good's ice smooth politician (who bears more than a passing facial resemblance to Jeffrey Archer) and John Ireland's earnest bespectacled activist. The latter has the benefit of both the arguments and the sympathy, but Good, who has neither, oozes venom and plausibility in a remarkably mature performance which peaks with the ecstatically hissed rejoinder: "Once you've been on Desert Island Discs they've got you".

# Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

August 21-27

## Opera and Ballet

**LONDON**

**London Palladium:** Ballet Theatre Français with Rudolf Nureyev dancing each night in a *Diaghilev* season.

**NEW YORK**

**New York City Opera:** A fortnight of Sigmund Romberg's The Desert Song features Richard White and William Parcher as Pierre Birabeau in the company's first performances of the work, which is conducted by Jim Coleman in Robert Johanson's production. Lincoln Center (870 5570).

**JAPAN**

**Japan Folkloric Art Dance Troupe:** Programme consists of traditional dances from the various regions of Japan, in spectacular, colourful and highly skilled presentation. English programme notes. Yubin Chokin Hall, Shiba Park (Thur). (582 9171).

## Music

**PARIS**

**Ensemble Gilles Binchois** conducted by Dominique Vellard: Cathedral Vocal Music, Ecole Notre-Dame de Paris (Mon, 8.30pm). Saint-Severin Church.

**Anna Stella Schic,** piano: One Hour with Gershwin (Tue, 7pm). Auditorium des Halles.

**Ensemble Erwartung** conducted by Bernard Desgraupes: Hommage to St. John Parse and Blaise Cendrars with Durey and Milhaud (Wed, 8.30pm). Auditorium des Halles.

**Orchestre Français des Jeunes** conducted by Emmanuel Krivine, Gerard Causse, alto: Debussy, Bartok (Thur, 8.30pm). Salle Pleyel.

All the above are part of the Paris Festival Estival (4804 9801).

**LONDON**

**London Sinfonietta** conducted by Diego Masson with soloists. Machaut/Birtwistle, Monteverdi, Kagel and Berio. Queen Elizabeth Hall (Mon). (928 3191).

**BBC Philharmonic Orchestra** conducted by Edward Downes with Robert Tear, tenor. Delius, Richard Rodney Bennett and Rachmaninov. Royal Albert Hall (Mon). (589 8212).

**Israel Philharmonic Orchestra** conducted by Zubin Mehta with Shlomo Mintz, violin. Brahms and Mahler. Barbican Hall (Wed).

**BBC Philharmonic Orchestra** with chorus and soloists, conducted by Edward Downes. Tchaikovsky and Borodin. Royal Albert Hall (Wed).

**English Chamber Orchestra** conducted by Edmon Colomer with Emanuel Ax, piano and Jose-Luis Garcia, violin. Mozart, Beethoven and Vivaldi. Barbican Hall (Thur).

**Taverner Choir and London Sinfonietta** conducted by Andrew Parrott with Rohan de Saram, cello. Machaut, Xenakis and Stravinsky. Queen Elizabeth Hall (Thur).

**CHICAGO**

**Ravinia Festival:** The Tokyo String Quartet. Beethoven cycle (Tue, Wed, Thur). Highland Park (728 4642).

**JAPAN**

**Japan Philharmonic Orchestra** conducted by Ken-Ichiro Kobayashi with Mariko Senju, violin. Rimsky-Korsakov, Saint-Saens, Massenet, Sarasate and Ravel. Suntory Hall, Akasaka (Thur). (237 9990; 980 0080).

## Theatre

**NEW YORK**

**Fences** (46th Street): August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve lot but dogged by his own failings. (221-1211).

**Cats** (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

**42nd Street** (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

**A Chorus Line** (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

**La Cage aux Folles** (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

**I'm Not Rappaport** (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

**WASHINGTON**

**Satchmo** (Opera House): New musical based on the life and music of Louis Armstrong opens. Kennedy Center (354 3770).

**South Pacific:** Robert Goulet stars in the Rogers and Hammerstein musical in the last weekend of Wolf Trap. Vienna, Va. (703 255 1868).

**CHICAGO**

**Sunday in the Park with George** (Goodman): Stephen Sondheim and James Lapine's Pulitzer Prize winning musical based on suppositions about the life of artist and Georges Seurat stars John Herrera as the artist and Paula Scrofano as his lover, Dot, directed by Michael Maggio. Ends Aug 16 (443 3800).

**TOKYO**

**Les Misérables.** After London and New York, now Tokyo and the Japanese version of the Tony-award winning musical. The cast was hand-picked by the creative team of producer Cameron Mackintosh (from an astounding 11,500 hopefuls), then trained for nine months in a special "ecole" and rehearsed by director John Caird. Costumes, set, sound, lighting have been supervised by the respective original designer flown in from London. Toho's Les Misérables is a triumph. The best production of a Western musical in Japan, it differs little from the original London version. Convincing and moving, this top-quality production shows what can be achieved with proper casting and training. Sponsored by the cosmetics company, Shiseido. Imperial Theatre, near Ginza. (201 7777).

**Annie.** The Japanese version of the Tony-award winning musical by Charles Strouse and Martin Charnin. Stars Shiori Kanno as Annie with Ichiro Zaitsu, Mitsuko Jun and the shepherd dog Sandy. The Aoyama Theatre (Tue, Wed, Thur). (239 1837).

**LONDON**

**Antony and Cleopatra** (Olivier): Peter Hall's best production for the National Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life, with Judi Dench and Anthony Hopkins as battle scarred lovers on the brink of old age. Dench is angry, witty and ultimately moving. Best of the rest at the NT is Michael Gambon giving his finest ever performance as Arthur Miller's doomed longshoreman in A View from the Bridge; Juliet Stevenson in a fine revival of Lorca's Yerma; and David Hare's production of King Lear, Hopkins, a massive gnarled oak, which gathers force and more friends as it continues in the repertoire (928 2252).

**Serious Money** (Wyndham's): Transfer from Royal Court of Caryl Churchill's slick City comedy for champagne-swilling yuppies: how the Big Bang led to class tumult and barrow-boy dealings on the Stock Exchange. Hot and livid, but new cast deemed less good. (836 3028, CC 379 6565).

**A Small Family Business** (Olivier): Brilliant new Alan Ayckbourn play about Britain on the fiddle in greedy times, selling out to foreigners and keeping it simultaneously in the family. A comedy thriller on the large scale, Ayckbourn's own production is led majestically by Michael Gambon. Best of the NT rest remains King Lear and Antony and Cleopatra in the Olivier, A View From the Bridge in the Cottesloe. The new Brian Friel adaptation of Turgenev's Fathers and Sons is decent but dull in the Lyttelton. (928 2252).

**NETHERLANDS**

**Amsterdam,** Stadsschouwburg. The English Speaking Theatre of Amsterdam in Barrie Keeffe's trilogy Barbarians directed by David Swatling (all week except Sun and Mon). (242311).

## Arts Worldwide's 1987/88 promotions

Arts Worldwide, the London-based promoter of music from beyond the European tradition, is bringing to Britain performers from Trinidad, Mali, Guinea, Cuba, Morocco, Pakistan and Ghana in its 1987-88 season.

David Rudder, a modern calypsonian from Trinidad (October 8-19); Jil Jilala, a band that interprets traditional Moroccan music (November 3-14); Alex "One-Man Thousand" Konadu and his Ghanaian roots highlife band (December 2-13); Celina Gonzalez, the Cuban *salsa* folk singer, and her band (January 20-31); Nusrat Fateh Ali Khan, the Pakistani *qowwali* singer, and his musicians (February 9-20) are among those who will perform in London and elsewhere in the UK.

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Tuesday August 25 1987

# Diversion at British Coal

THE National Union of Mineworkers' overwhelming vote for industrial action over British Coal's revised disciplinary code is the culmination of a dispute which is a diversion from the crucial task of raising the industry's efficiency.

The scale of the vote cannot be attributed solely to the NUM's propaganda on the issue. It reflects the deep distrust which continues to beset the industry. But it is far from an endorsement for Mr Arthur Scargill's leadership of the union.

The vote, which could lead to an overtime ban, does not sanction strike action, as few on the union's executive would once again trust Mr Scargill with a mandate to lead miners into another crusade. More important, talks on the code are already under way after executive members prevailed on the union's national leadership to drop its insistence that the code should be withdrawn as a precondition for negotiations.

Significantly even Mr Scargill yesterday steered clear of predicting impending action. He said the ballot would be used to strengthen the union's hand in negotiations. He would accept a code amended through negotiations.

These began two weeks ago and will continue with the help of Acas, the conciliation service, on Thursday. The union will delay a decision on industrial action until September 3 to allow time for talks.

### Revised procedures

Nevertheless, British Coal has come dangerously close to shooting itself in the foot. There was a clear need for revised procedures but the code was introduced without a full explanation to miners why the changes were being made. The revised code abolishes the system of pit umpires who could make final and binding decisions on whether a dismissal should be upheld or whether a miner should be reinstated. Instead Industrial Tribunals are the final court of appeal, but employers have no obligation to abide by their recommendations. Moreover the code differs at several points from the guidelines issued by Acas.

While many of the provisions do not differ markedly from procedures in other industries, it should be no surprise to the corporation that the code has provoked such a sharp response. It is simply unrealistic to believe that such an important change in employees' terms and conditions can be introduced without much better communications.

The dispute over the code has diverted attention from the vital task of introducing flexible working in the pits, to make more efficient use of capital and to cut unit costs.

The South Wales NUM, the only area which has so far publicly said it would accept the concept of flexible production, recently warned that it would go no further until the disciplinary issue was resolved.

### Flexible working

Many on the union's executive, along with British Coal managers, believe that a settlement to the disciplinary issue can be reached. Such a settlement is vital to the industry on two counts.

First, it would prove that the two sides can conduct industrial relations through conciliation rather than confrontation. It could open the way for national talks on the introduction of flexible working practices. While the dispute over the code continues it will make life very difficult for those NUM leaders who believe flexibility should be negotiated.

This group must assert its authority over Mr Scargill, and accept the corporation's offer of talks. But British Coal should avoid making their position any more complicated.

Second, it would be an important step towards normalising the conduct of industrial relations. The corporation has indicated it intends to use the code to squeeze the culture of militancy out of the industry and to stem the small strikes which still afflict it.

As British Coal recognises, this is far from an ideal solution. Industrial disputes are rarely settled through disciplinary measures. A negotiated national settlement of this issue could pave the way for more constructive industrial relations at a local level. To eradicate the culture of militancy, the corporation, the unions and the employees have to work together to eliminate the distrust which lies at its root.

# Italy's summer manoeuvres

MANY MINISTERS in the new Italian government headed by the Christian Democrat, Giovanni Goria, are commendably cutting short their holidays and setting work in train to restore some direction to a country which has been administered on a care and maintenance basis for five months.

The consequent uncertainty is one factor behind the past fortnight's steady slide in the Milan stock market where investors are hungry for knowledge of the basis and direction of the new government's economic policy. Presentation of the 1988 Budget proposals at the end of next month will give the markets something to go on.

Unfortunately, it will not calm those anxieties born of the fear that four years of relatively stable administration under the socialist Bettino Craxi have given way to a new period of instability. The one question Mr Goria cannot answer is how long he will manage to stay in power.

While doubts about its durability surrounded the launch of Mr Craxi's first government, they may be better founded in the case of Mr Goria. Although he is leading a coalition based on the same five parties and enjoying a similarly handsome parliamentary majority, the political binding looks much weaker because there is no strategic agreement—as there was in 1983—between the parties to sustain a coalition for any length of time.

### Political margins

Instead the Goria government is widely seen as transitional, although what it will lead to and in what timeframe defies prediction. The definition derives largely from Mr Craxi, without whose backing the Christian Democrats cannot enjoy a majority unless, improbably, they were again able to win communist support. Mr Craxi refused the Christian Democrats another strategic agreement because he is bent on taking his socialists out of the larger party's orbit where they have been stationed for more than 20 years.

Having boosted the socialist vote by nearly 3 percentage points and seen the communists slide by a larger margin and the Christian Democrats make only slight gains, Mr Craxi is bent on building what he calls a reformist third pole, which is neither Christian Democrat nor communist.

Mr Craxi's would be an historic contribution if he could speed up the seemingly inevitable retreat of the communist party and then push it to the political margins as Mr François Mitterrand has done in France. For the first time since the war, Italians would then have a non-communist alternative to the hitherto permanent post-war domination of Christian Democracy. An alternating system of governing parties, long familiar elsewhere in Europe, is badly needed to help break down clientelism and corruption in Italy.

In the meantime the socialists must also compete with the Christian Democrats for votes. How Mr Craxi manages his policy of simultaneous competition and collaboration is central to the future of Mr Goria's government.

### Peak performance

Mr Craxi has made a far from discouraging start, stressing that an undeniably able socialist team is in the Goria government because a policy programme has been agreed which will continue and build upon the work of his two administrations.

Since he regards his recent period in office as one of peak performance, Mr Craxi is hoping to reap still more political benefit from associating his party with the continuance of 'good government.' But this will not stop him seeking to score points off the Christian Democrats at every opportunity nor from trying to label them as conservative and an obstacle to reform.

In the absence of any major upheaval, as might be caused by the referenda this autumn on nuclear energy and the powers of the judiciary, Mr Craxi will probably wait for a verdict from next summer's regional elections before deciding his next move. Before this a threat to Mr Goria could emerge from the infighting within his own party. If Mr De Mita's re-election as Christian Democrat secretary is strongly opposed at next spring's party congress, Mr Goria could, as a De Mita man, fall victim to a pre-congress ambush from a rival faction. If Mr De Mita were to be replaced, then Mr Goria's days would be truly numbered.

After years of losses, the UK motor trade is surprisingly healthy, **John Griffiths** finds

# A better hand but for fewer dealers

A LITTLE OVER a year ago, anyone who had suggested that a bull market would soon develop in British car dealerships would have been restrained gently, pending the arrival of men in white coats.

In those days, the air was still filled with the sound of pundits presaging dire straits for a European car manufacturing industry grappling with overcapacity of perhaps 20 per cent, or 2m cars a year.

The most timid, would-be new car buyer had long since learned to ask for, and expect, substantial discounts — indeed, many salesmen were offering them as a substitute for "good morning."

The discounting was so intense that less professionally-managed dealerships in volume-built cars were often giving away all their formal 16-18 per cent profit margin. To stay profitable, dealers were relying on the bonuses offered by manufacturers for exceeding sales targets.

The joke going round the trade at the time—that old Fred "must have sold an awful lot of cars to have lost that much money" — was uncomfortably close to the truth.

The mainstream manufacturers chasing volume at any price to keep plants busy, were all in the same boat. Vauxhall, General Motors' UK cars subsidiary, nearly doubled its market share between 1981 and 1986 but still made heavy losses. Two years ago, Ford made its first operating loss since the early 1970s.

Yet Ford was well into the black again last year; John Bagshaw, chairman of Vauxhall, is talking of an operating profit this year; and Austin Rover's losses have been cut back. At the distribution level, there has been a flurry of dealer takeover activity in recent months, while public companies in the sector—many in trouble not long ago — have announced much increased profits.

Several factors have combined to make motor trading in the UK appear much healthier than expected — although the recovery is nothing like as widespread, nor the future anything like as bright as it might seem.

One important factor is the buoyancy of the car market; a subject which has left senior figures at the Society of Motor Manufacturers and Traders quietly kicking themselves for introducing numbers too readily into their negotiations with the Government over the 10 per cent tax levied on car sales.

Drop this iniquitous tax, the SMMT told the Government in the depths of the last recession —when around 1.5m cars a year were being sold—and you will create the larger domestic market which UK manufacturers need. The UK markets would, they said, once again become internationally competitive with sales of 2m a year by the turn of the decade.

But the market is already climbing to that level of its own accord. Some observers in the industry predict sales of 400,000 this month alone, thanks to the introduction of the "E" registration prefix.

More significantly, most of the industry is convinced that sales will total over 1.9m for 1987 as a whole, setting a record for the third year in a row. This is the result of a broad improvement in the performance of the UK business sector, which buys over half of all new cars, and the increasing affluence of those in work.

The UK-based volume producers (Ford, Vauxhall, Rover and the Peugeot group, which account for nearly 60 per cent of the market) have achieved this turnaround by cutting costs and pruning output

Mr Graham Day, the Rover group's chairman, Mr Derrick Barron, Ford's group chairman, and Mr Bagshaw of Vauxhall are unanimous in declaring that former obsessions with market share are now taking a back seat to concern about profits. This is most evident at Vauxhall, whose share has already retreated from a heady 17-18 per cent to less than 14 per cent in the year to date.

Gone, therefore, are most of the sales-related bonuses on which many of the UK's 8,000 franchised dealers had come so heavily to depend. There is still some manufacturer assistance, such as contributions to low-interest customer finance schemes. But overall, any dealer giving away all his margin now on a new car sale, does so without subsidy.

**'There are a lot of dealers on the acquisition trail— a positive demand for dealerships'**

This form of what some dealers see as manufacturer-imposed pressure has been rising steadily for many months.

There are other pressures, too. Cars are becoming more reliable, reducing profit from the service bay. The "fast-fit" servicing and repairs specialists continue to lure away large amounts of traditional motor trade business.

The result appears to be a polarisation in dealer networks, at least in the volume franchises. The really professional dealerships—those which have acquired formal management, computer systems and financial skills, and who are fully conversant with cash flow requirements and true cost of sales—have been learning to cope with the harsher environment. Not least, they have learned how to maximise the business that is available: the odd half per cent for organising a finance package, another through selling an extended warranty and (of growing importance) the provision of contract-hired cars to the business sector.

Even so, according to Prof Krish Bhaskar, director of the Motor Industry Research Unit at the University of East Anglia, retained margins in the volume cars business probably still average only 4 per cent or below. This is tolerable for the big players but for the small, weak or inefficient dealer, he observes, there is little chance to survive. Analyst Christopher Hedley, in his Property Handbook for the motor trade, suggests a likely attrition rate of around 250 a year over the next decade at least.

The trend is already apparent in the shrinking networks of the big four UK-based producers.

Mr Ron Young, director of Lombard North Central, the National Westminster Bank's finance house, which is deeply involved in funding the motor trade, does not take as gloomy a view as Prof Bhaskar about profitability. "At one stage, most dealers were lucky if they were retaining 2-3 per cent," he observes, "now they're on probably double that."

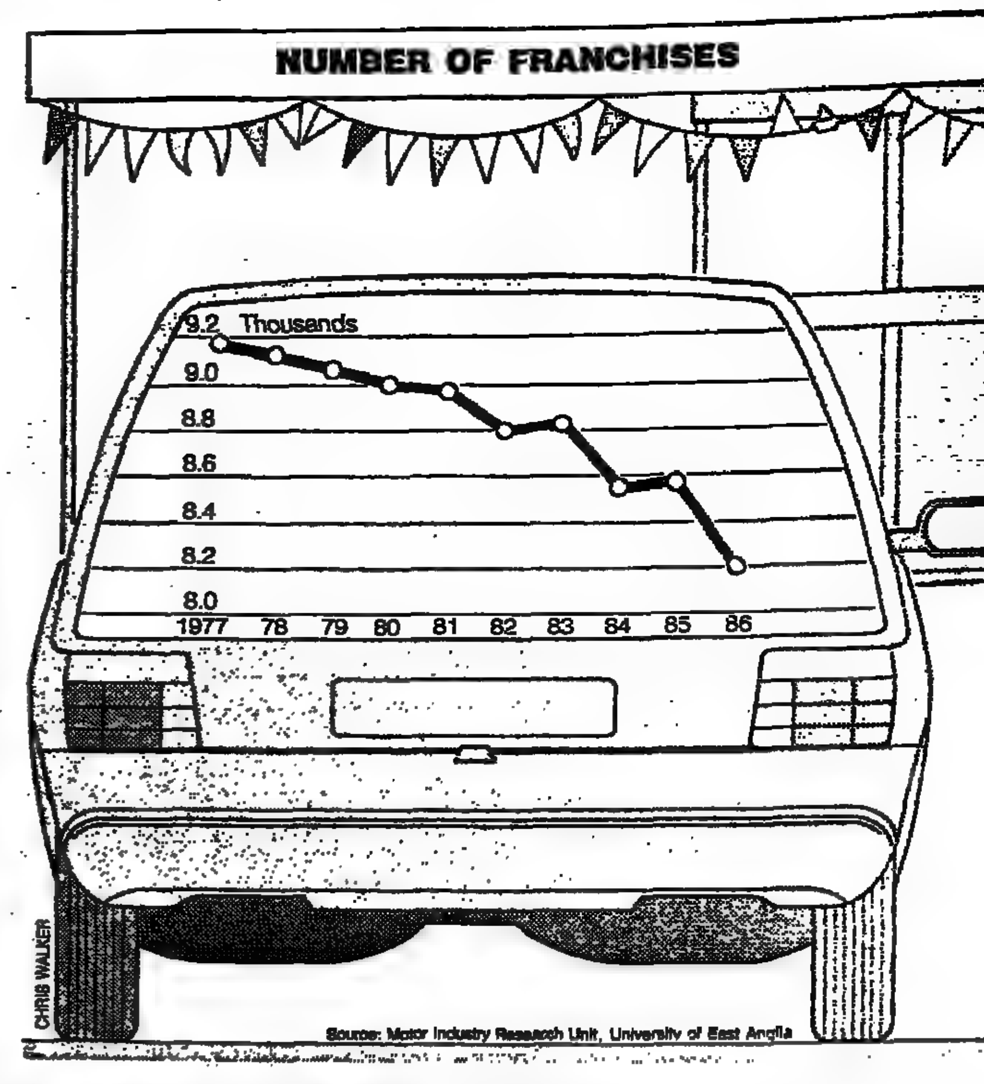
There is now enough money in the business, he suggests, for efficient groups with market muscle to seek further expansion. "There are a lot on the acquisition trail—there is now a positive demand to buy dealerships."

Thus a further concentration of power seems ever more likely. Already, according to Lombard North Central's calculations, the biggest 10 distribution groups in the country account for 36 per cent of new car sales.

The trend is seen as likely to continue, and regarded as probably necessary. Car makers have spent billions on improving manufacturing productivity. Yet estimates of the total marketing costs of each vehicle are between 20 and 33 per cent of its retail price.

Those costs, as Mr Day, for one, has indicated, are beginning to jar. Rationalisation of car distribution and of the outlets has become an obvious route to savings.

Yet manufacturers are unlikely to allow the big retail battalions to go too far. They will not be keen to see the balance of power—now firmly in their favour—tipped against them.




This consideration has long lain behind Ford's refusal, for example, to allow a franchisee to have more than five Ford outlets. In recognition of the changes already taking place, it is in the process of raising the ceiling to eight. But this consideration perhaps also lies behind the contention of Mr Roger Humm, Ford UK's managing director, that Ford's own network will not shrink further: "We don't want the tail wagging the dog."

The situation is less restrictive with other volume franchises. Tozer, Kemsley and Mill bourn, the motors and property group rescued from near-bankruptcy two years ago by New Zealand entrepreneur Mr Ron Brierley, has over 30 Austin Rover outlets within its Wadham Kenning subsidiary — formed after TKM's takeover of the loss-making Kenning group.

TKM chief executive Mr Reg Heath, whose empire now includes 100,000 car sales each year spread over half a dozen different franchises and 60 outlets, is not concerned about the manufacturer relationship. But then, there is no reason why he should be, for TKM provides an achetypal example of how tough motor trade management can produce a dramatic turnaround.

Kenning's motor business had been making a loss for some time. Its structure, according to Mr Heath, was a classic example of unnecessary central administration, loose financial controls, over-manning and other accumulated traditional and bad motor trade practices. Within days of taking over, Heath had fired 100 of the headquarters staff—two-thirds of the total. Each Kenning outlet's performance was compared with a Wadham Stringer counterpart. There was no mercy for managers who failed to measure up.

Mr Heath admits the process was fairly brutal—but Wadham Kenning is now a healthy contributor to TKM profits—£22m pre-tax last year.

Mr Nick Lancaster, managing director of the Lancaster group which has just gone public, and in which trading house Jardine Matheson has a 60 per cent stake, has also learned to be scathing about "traditional" motor traders. This happened during the course of Lancaster's progress to a wide range of franchises, including Porsche and Mercedes, and a £1.8m profit last year.

Much of Lancaster's senior management has been recruited from outside the trade. They must, according to Mr Lancaster, "have a really deep understanding of the financial position of the company in terms of cash flow, financial controls, resources and return on investment, and there must be a similarly deep understanding of how the manufacturers work and what their goals are."

**Total marketing costs still range between 20 and 33 per cent of a car's retail price**

Nevertheless, there are some reservations about the mood of euphoria surrounding the recent, well-publicised financial performances of the larger groups. Lombard's Mr Young comments, "some of the share prices are over-valued; there is no doubt about that."

In the long term, there are other reservations, about such things as, for example, whether different ways of retailing cars will threaten even the large groups.

The failure of the ASDA-MFI group's car retailing venture, Asdadrive, earlier this year is generally agreed to have been caused by the group's structural problems rather than failure of the fixed-price, soft-sell concept itself. Prof Bhaskar, for one, expects it to be only a matter of time before another mass retailer tries again.

But the big, existing players will not move over readily. The UK is unique in having more than 40 large public companies with franchises.

They themselves could even emerge as the "megadealers" of the future. There are around 250 in the US already, individually dealing in around 10 different makes from up to 30 locations. They choose whose cars they sell, and have the resources to provide long opening hours, courtesy cars and all the other trappings

According to Prof Bhaskar, US megadealers now account for about 15 per cent of all US sales, and some forecasts predict that by 1990 they could account for 30 per cent. This would hasten the demise of many more dealers among the 25,000 now surviving out of the 45,000 existing immediately after the Second World War.

Prof Bhaskar himself offers two possible scenarios for the future between 1995 and 2000.

At best, the scenario envisages a national total of 3,850-5,150 franchised dealers; at worst 2,550-3,500. "A frightening prospect," says Prof Bhaskar.

Doubtless the current 8,000-plus would agree.

# Men and Matters

## Culture rift at Ernst & Whinney

Recent forays into corporate finance by accountancy firms will not have the merchant banks quaking in their shoes, judging by the experience of Ernst & Whinney.

Ernst brought in Simon Barrow, formerly a Kleinwort Benson corporate finance director, three years ago to head its attack on the merchant banks' most profitable territory.

But Barrow is leaving the firm at the end of this month after what one observer in another accountancy firm describes as "something of a culture clash."

Barrow's departure does not indicate a change of heart, insists Stephen Hall, Ernst's head of corporate finance. But he concedes: "Work in mergers and acquisitions (Barrow's main area of activity) has not taken off with the speed we hoped it would do."

A competitor who knows Barrow says he illustrates the difficulty for bankers of fitting into the alien culture of an accountancy firm. But he goes on to say: "It's a matter of the individual and the firm. It doesn't in any way suggest accountancy firms can't carry out corporate finance work."

"This is nothing to the wait we had selling our shares to pay for this holiday"

Needless to say, other accountancy firms are eager to shout about their success in breaking into the corporate finance market—while remaining coy about mentioning any deals they have put together.

Ernst & Whinney, meanwhile, is pressing on regardless. "Our stance is exactly the same as before," says Hall. "We are pursuing the same strategy."

But it is being pursued with accountants at the helm—the heads of Ernst's three corporate finance divisions are all accountants, born and bred.

Barrow, who could not be contacted for comment, is said by colleagues to have "several irons in the fire" regarding his future.

## Defence move

Sir Colin Fielding, physicist and former controller of the research establishments of the Ministry of Defence, has joined a unique brokerage, dedicated to transferring MoD technology to civil industry.

He has become business development director of Defence Technology Enterprises—a considerable catch for the Milton Keynes company for he knows the establishments intimately. He spent his career in them, initially as an electronics expert, then becoming director of two before taking overall control for four years.

Fielding retired from the Civil Service last Christmas. So why is he permitted to join a defence-related company after only a few months when some top MoD officials must endure up to two years of "sanitisation"?

One reason, he says, is that after helping Mark Burrell of Lazard to launch DTE at the end of 1984—he signed for the ministry giving the new outfit exclusive rights of access to MoD technology — he had no further contact with it. He was not involved in negotiating defence contracts.

A still more pertinent reason, however, is that he can scarcely be accused of giving DTE inside information or trade secrets when that is the whole point of DTE's activities.

Fielding, himself, helped arrange for the technically qualified "ferrets" inside the research establishments who drag out the ideas that DTE tries to license.

## Paradise endured

Coconut trees and sandy beaches are not everybody's idea of Paradise.

The two French spies who were arrested for blowing up the Greenpeace protest movement ship, Rainbow Warrior, in Auckland Harbour, Major Alain Mafart and Captain Dominique Prieur, have begun their second year of enforced holiday on Hao Athol in Polynesia.

They were sentenced to 10 years imprisonment in New Zealand, but were later allowed to transfer to the more congenial Pacific island for an enforced stay of not less than three years—the French government having offered New Zealand an attractive butter sales-for-spies deal.

Prieur's mother who has just visited the two unfortunates is concerned about their plight: "It's as if they were in a desert. They have no idea what to do with all their free time."

She says the two stars of the Greenpeace scandal are tired of the pastimes the island has to offer—wind surfing, tennis, and sunbathing. Prieur's mother has appealed to David Lange to "make a gesture" in favour of Mafart and Prieur.

The New Zealand premier is, however, understandably reluctant to end the long holiday of two such zealous secret agents.

If Lange would only accept substitutes I'm sure there would be no shortage of volunteers from harsher climates to take the two French officers' place for the rest of their sentence.

## In lines

The Parisian bureaucracy has found a new weapon in its struggle to shake off its stuffy image: answerphones. French ministries are vying with each other to pour trendy recordings down the ears of callers told to hold the line.

Callers to the ministry of culture are offered in alternate weeks the game of Trivial Pursuit and extracts from French poems, including Lamartine's appropriate "Oh Time, Hold Thy Flight."

The system is so popular, says one switchboard operator, that Frenchmen are ringing up just to be put on the ministry's waiting system.

The answerphone revolution has left the Matignon and the Elysée relatively unaffected, with both relying on tapes of Vivaldi's Four Seasons — one of the few things the two protagonists of co-habitation have in common.

## For the birds

The proud householder was sitting on the patio admiring his new ornamental garden pool when a heron alighted and speared two of his goldfish.

Incensed by this intrusion, he took expert advice and installed a life-sized model heron in the pool to keep the real ones away. A few weeks later he was again sitting in silent admiration of the scene when the bird suddenly came to life, gulped down a fish and flew off. It turned out his wife had removed the model to clean it.

His wife replaced the model the next day before joining her husband in town for dinner. They returned late, having wined and dined well—and he got soaked falling in the pool in an attempt to catch the plastic heron.

His garden is peaceful now —no herons and no fish.

**Observer**

# Letters to the Editor

## Applicability of university economics training

*From Professor P. Minford*

Sir,—Professor David Simpson in his stimulating critique of economics (August 20) seems to have done the impossible and attacked everyone in the profession, except the Peacock Commission. At the risk of adding to a deluge, let me make a few points.

Simpson is in favour of modern analytical tools, it seems, but against the mechanical way the younger generation sometimes deploys them. The message is acceptable but banal; so are we all in favour.

Among these tools, he singles out rational expectations for particular scorn; yet he misses the point that with a difficult subject like expectations, with which economists have grappled since the subject began, to make progress at all you have to use the tools to hand. Rational expectations provides, within the technology that now exists, a powerful if still crude method for analysing usefully a lot of difficult and important problems; its empirical success in the efficient markets and macro modelling literature are not to be dismissed, which is why the profession has taken to it in a big way.

He bewails the lack of "dignity" in economists' conduct. But economists have always indulged in "controversy," as is obvious from an inspection for example of Keynes' published media writings. All that has happened is that the mass media have altered the way in which debates have to be conducted: this has affected all professions involved in public policy debates. Maybe we would all like a return to that world where debates on important issues were confined to a small informed circle; but it has gone and the people rightly would never stand for its return.

Simpson has erected a lot of other straw men — cost/benefit, theory of value, growth theory, the death of monetarism; he is pretty much wrong on all of them. To assert, as he does, that mistakes or excesses have occurred in applications or development of a branch subject within the discipline does not imply, as he infers, that nothing useful has emerged: this is debating trickery at its worst.

In short, I presume the article was just an exercise in silly season rhetoric; as such at least, it may have succeeded — witness this letter!

(Professor) Patrick Minford.
*University of Liverpool,*
*Eleanor Rathbone Building,*
*PO Box 147, Liverpool.*

*From Mr P. Richards*

Sir,—In my view, Professor David Simpson (August 20) was justified in exposing the shortcomings of contemporary macro-economics in such a forthright manner. Furthermore, he correctly identified the limited applicability of a university economics training for solving real world problems. However, I would like to suggest that economists can play a very significant role in business and that it is in this area that their academic training is comparatively weakest.

Economic theory is not limited in applicability at a commercial level but must be integrated with many other perspectives including those of finance, marketing and operations. As taught in the majority of UK universities, these viewpoints are rarely covered, largely because the teachers themselves have not actually worked outside the academic environment. Thus it takes many years for a new economics graduate to be able to contribute to solving some of the very complex economic issues in business, such as the structure and variability of costs, pricing, investment appraisal, market trends and performance evaluation. Many businesses do not employ specialist economists in these areas for that reason, even though the economic perspective has potentially much to offer.

Academic economic journals are 90 per cent full of articles of little or no relevance to the real world. The remaining 10 per cent is relevant but needs considerable further work before it can be applied. As the economic adviser to a major nationalised industry, I frequently review assessments of nationalised industry performance by academic economists. Unfortunately they are frequently very wide of the mark and by bringing the profession into disrepute, it makes my task all the more difficult and hinders the contribution that nationalised industry economists can make in ensuring that the industries themselves are run more effectively.

By pointing out the weaknesses in economics as a subject taught at university Professor Simpson should not be allowed to give your readers the impression that the subject is defunct.

Paul Richards.
*72, Teddington Park Road,*
*Teddington, Middx*

## NZ butter in Britain

*From Mr A. Rosen*

Sir,—David Blackwell's report (August 19) on the Milk Marketing Board's objection to the continuing imports of New Zealand butter into Britain is very pertinent. It is time that non-emotional financial sense was injected into this absurd debate.

Yes, Britain does owe a considerable debt of honour to New Zealand for its courageous support, often with their citizen's lives, during several wars. Yes, New Zealand does rely on dairy product exports to survive. Yes, farmers in New Zealand do need the money for their milk. But the true cost to the British taxpayers of the importing of this butter is out of all proportion to the butter's value.

In 1985 Britain paid £112m (down from £132m in 1984) to the New Zealanders for 78,000 tonnes of butter, that was £1,436 a tonne delivered to the UK. The New Zealanders will have spent at least £300 a tonne to turn the raw milk into butter and a further £140 a tonne to ship it to Britain. Thus the net income to the New Zealanders will have been no more than £1,000 a tonne.

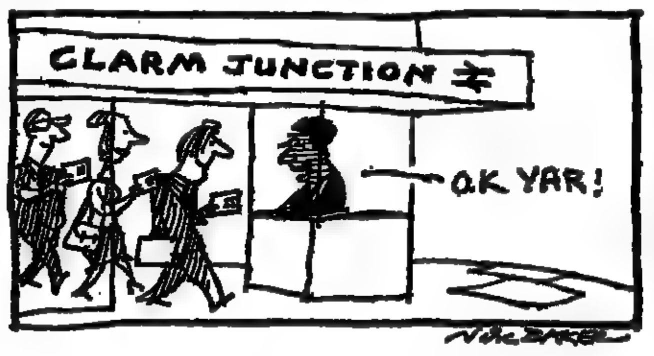
The NZ butter that is imported just adds to the already excessive production within Europe and thus it follows that in 1985 an extra 78,000 tonnes of British went into intervention or was exported from the UK to somewhere outside Europe. In this latter case then the taxpayer would have paid not less than £1,000 for every tonne in the form of export restitution payments.

If we were to pay the New Zealand farmers £1,000 not to make and ship the butter but instead to tip the raw milk straight down a disused coal mine they would be no worse off and the British taxpayer would have saved at least £78m in 1985.

If the excess butter cannot be exported, and there are over 1m tonnes of rotting butter in the intervention stores now (each tonne costing £84 a year for storage and a further £150 to finance the purchase, plus of course its inevitable depreciation in value) then the true cost to the British taxpayer, assuming that ultimately the butter can be sold to the Russians at the current rate of £140 a tonne and does not have to be actually destroyed, is £2,966 for every tonne imported. (Original price £1,436, storage and financing £234, depreciation £1,296.)

Let us remove the emotional content from this debate and allow everyone concerned with this fiasco to save money . . . if not their blushes.

Anthony Rosen.
*Foxhill,*
*Elstead, Surrey.*




## Living it up in London

*From Mr G. Milward-Oliver*

Sir,—Re Men and Matters' comments (August 21) about the renaming of southern parts of London, via Clarm and Stowell.

Since the early 1970s, I've known parts of Battersea described variously as Baturcia or even South Chelsea. Streatham has been known as St Reatham and Clapham alternately as Clayfum.

But what about other areas of south-west London. Isn't it time something happened to leafy Colliers Wood or even sylvan Nor-Wood? How about variations on Wandsworth or Southfields? And when will gentrification hit that well known suburb of Croynge (where the cultures of Croydon and Penge meet)?

There's plenty of mileage yet in renaming those parts of London that yuppies, dinkies et al have left unscathed.

Gerald Milward-Oliver.
*Malt House,*
*Queen Street,*
*Sandhurst,*
*Cranbrook, Kent.*

## Discouraging a BP scramble

*From Mr R. Jones.*

Sir, — I have just read (August 21) the article by Max Wilkinson on the problems of the BP share sale. Surely the best compromise in the conflicting interests of the various parties would be achieved by offering the shares, to institutions and general public alike, at the smallest discount to the current market price at the time which could be got away with. The "goodies" to induce the general public to invest should then be concentrated in a really worthwhile loyalty bonus. Perhaps 10 per cent extra shares after two years and a further 20 per cent after another two years. If this applied only to the first £1,000 of each holding which had remained in the same hands the cost would be far from prohibitive.

This plan would discourage the mad scramble to make a few pounds quick profit and reduce the pressure on stockbrokers which is so detrimental to the service they could otherwise offer. It would give a real incentive to the new small genuine investor which the Government wishes to encourage, and if BP was burdened with a great many small investors at least in the main they would be loyal ones. I believe also that most people would welcome a commitment to a reasonable minimum allotment which would be kept to even if a ballot became necessary.

Cutting out, or greatly reducing, the "stags" of the privatisation issues would do more good than harm to the image of the Government. It is one thing to encourage the genuine new investor and quite another to give away forty pounds or more to millions of people with each issue.

Richard H. Jones,
*7, Maple Avenue,*
*Chorlton-cum-Hardy,*
*Manchester.*

## Mauritius and the text books

*From Mr L. de Silva*

Sir,—I refer to the article entitled "Mauritius proves text books right," by Tony Hawkins (August 11). He makes the point that the success of Mauritius in rapidly increasing industrial exports, and overcoming balance of payments constraints is an indication of the World Bank theses, as expounded in its latest World Development Report, for outwardly-orientated economic policies. I beg to differ.

The success achieved by Mauritius in increasing export incomes is primarily due to: an assured market in the EC for its sugar at above-world market prices negotiated through the sugar protocol of the Lome Convention. (Long-term purchase commitments for commodities of this nature is an integral part of Unctad's integrated programme for commodities); textile exports, stimulated as a result of the quotas assigned to countries like Mauritius under the umbrella of the Multi-Fibre Arrangement (managed, rather than open, trade is the key to Mauritian success in this sector); and the generalised scheme of preferences (GSP), negotiated under Unctad auspices, which provide preferential access to products from countries such as Mauritius.

The positive and hopeful developments in Mauritius, though I would not call it a success story, are probably due more to Unctad-type prescriptions than to the World Bank's as expressed in the World Development Report. While domestic policy adjustments are undoubtedly important, the external economic environment holds the key to the improvement of prospects of developing countries, through export-orientated growth policies. In the case of Mauritius external economic circumstances for its exports have been favourable.

Leelananda de Silva.
*Apt 24, 12 La Levratte,*
*CH-1260 Nyon, Switzerland.*

## Third runway at Heathrow

*From Mr A. Lucking*

Sir, — Mr Davidson (August 20) pleads eloquently for continued use of Gatwick as a "charter port" for UK holidaymakers. But if Britain does not soon give total priority to incoming customers and tourists, an doutgoing salesmen and service engineers, the forecast 1992 a short runway to accommodate the pending nightmare of £4bn, as the oil runs down, means that our future holidays will be at Blackpool and not Benidorm!

Much the best solution is a third runway at Heathrow. Even a short runway to accomodate the commuter flights would end the pending nightmare or regional "excommunication." Whereas one "Golden man" using a commuter flight can place orders worth tens of millions, a jumbo jet load of incoming tourists may be worth only £500,000 to Britain. Yet BAA compares the profits from its duty free purchases with two "wasted" slots for the commuter aircraft.

Unhappily, the possibilities of by-passing London are very limited. A report by the Air Transport Users Committee showed that most of the traffic flows were too tiny to support direct services. QANTAS confirmed this when it rerouted its Australian flights from Manchester through Heathrow. Many more direct European flights from the regions will however, become viable if curent negotiations with HM Customs and Immigration lead to simplified transit arrangements at intermediate stops.

Because of its pivotal role in the national struggle for foreign exchange, Heathrow is probably the most important place in Britain, and Gatwick is an extension of it.

A. J. Lucking,
*17 Broad Court,*
*Bow Street, WC2.*

## Lending to all and sundry

*From Mr E. Pinard*

Sir,—I profess to be neither an expert economist nor a market guru but the current money supply situation gives rise to the following thought.

The banks are hell bent on increasing credit availability and spend millions of pounds in extolling the virtues of easy borrowing for all and sundry. The inevitable happens and, as a curb, interest rates are hoisted so rewarding the banks by further increasing their profits from the casual loans. How can anyone in his right mind hope to control consumer borrowing by such means? It is as ludicrous as attempting to cure a glutton by proffering a plate of cream cakes at regular intervals.

E. J. A. Pinard.
*19, Parkway,*
*Wilmslow,*
*Cheshire.*

## Environmental nightmare of opencast mining

*From the Chairman,*
*Coalfield Communities Campaign.*

Sir, — Sir Kenneth Couzen's response (August 14) to my comments on opencast coalmining was disturbing but in keeping with British Coal's previous comments on the subject. The environmental nightmare which opencasting can bring is too obvious to those upon whom it is visited to need further emphasis. Sir Kenneth, however, raises a number of points about the economics of the industry which really cannot go unchallenged.

It is self-evidently the case that opencast mining operations are highly profitable to BC, but to suggest that they somehow subsidise current deep-mining operations is misleading. BC's "New strategy for coal" lays down cost parameters which ensure that each individual colliery is judged on its own performance. None has been spared closure for failing to meet these parameters because of the profits made by the opencast sector.

Equally, it is incorrect to see opencast profits as subsidising the development programme for deep mines. This campaign (CCC) sought expert opinion on precisely this point when researching a major report on the subject. Dr Bryer and Mr Brignall of Warwick University advised the CCC that BC's argument was "completely spurious." It is also interesting to note that the House of Commons energy committee's first report on the coal industry found no evidence of cross-subsidisation. Unfortunately, BC has yet to show convincingly that they are wrong.

As regards relative market shares, while in the future there will be exciting opportunities for expanding the market for coal the fact remains that at present the market is falling. Consequently, opencast output is driving collieries out of production, forcing closures which cannot later be reversed to meet hoped-for increases in demand. It is this short-term planning horizon which gives the CCC the most cause for concern.

(Councillor) H. Salt,
(Deputy Leader, Barnsley Council),
*1, Pontefract Road,*
*Barnsley, Yorkshire.*

FOREIGN AFFAIRS

# A primary source of surprises

**Domestic issues do not always decide American presidential elections, reports Jurek Martin**

MOST AMERICAN public opinion polls, and lots of excellent grass roots reporting, will probably show that foreign policy rates at best middling in the national concerns to be mined during the 1988 presidential elections. This is a natural, but deceptive, state of affairs.

It is natural because elections everywhere, but especially in the US, tend to focus the public mind on the most immediate local issues, which are not usually dominated by external factors. This tendency will be compounded next year because most of the declared and undeclared candidates from both parties have had little exposure to, or record in, foreign policy. Their strengths, to which they must play, are in bread and butter domestic concerns, of which there are enough to go around.

But it is deceptive on two counts. The first is that each serious candidate will be subjected to exhaustive examination on everything under the sun, including foreign policy. The second is that recent history shows that in most presidential elections since the Second World War, a foreign policy issue has emerged as a critical and sometimes decisive factor.

The most obvious examples of this are in 1980, when Iran was a millstone around President Jimmy Carter's neck against Ronald Reagan (though an asset, earlier, in fending off challenges for the nomination); in 1968, when the Democratic Party was hopelessly divided over Vietnam, creating a deficit which candidate Hubert Humphrey could never recoup; and in 1960, when John Kennedy out-hawked Richard Nixon on the status of the offshore Chinese islands of Qemoy and Matsu.

In other election years, the foreign policy card has been played sometimes oddly and cynically. President Gerald Ford's inability to determine whether or not the Soviet Union had troops in Poland delayed his late electoral surge in 1976; although hardly in danger of defeat in 1972, Richard Nixon felt the need to proclaim that peace was at hand (in Vietnam) just before election day, only for the bombing to resume shortly thereafter; a state of comparable security did not prevent the Johnson campaign in 1964 from suggesting that a vote for Republican Barry Goldwater could bring on a global nuclear holocaust.

Other factors also come into play. Candidates need to secure the financial backing of those vested ethnic, economic and religious pressure groups whose support may be indispensable. Mr Reagan's big success, especially in 1984, was his capture of so much of the traditionally Democratic Jewish vote. It will be axiomatic for all candidates of both parties to swear allegiance to Israel.

Another powerful ethnic lobby, the Greek Americans, already have a presumed candidate in Governor Michael Dukakis, the Democrat from Massachusetts. Partly because the first primary election test is in Iowa, all contenders are already wooing the farm vote, which has considerable foreign policy implications.

In general, current conventional wisdom in the US is that the Irangate legacy will matter in 1988. Just as, post 1980, it was felt that the last thing the country wanted was another competent governor (especially from the south), so now competence is back in vogue as a preferable quality to negligent certitude. This sentiment was perhaps best expressed by one of the Democratic candidates, Senator Joe Biden from Delaware: "Today Republicans are mobilised by simplicity, and Democrats immobilised by complexity."

This is less accurate now than when it was said a few months back, as Irangate was still unfolding. Republicans not of the far right have been running away from the more manichean elements of Reagan foreign policy; equally, the intervention by Mr Jim Wright, the Speaker of the House, in the complexities of Central America hardly reflects immobility. But the basic divide remains.

Only the very hardline Republicans — candidates Jack Kemp, Pat Robertson and possibly former Senator Paul Laxalt—still hold to the black and white perspective. Vice-President George Bush and Senator Robert Dole, one of whom looks the likely nominee, tend towards the circumspect. What is curious about both, for all their long political careers, is how little is known about their foreign policy views.

Mr Bush, in his many posts (China, the United Nations, the Central Intelligence Agency, Congress) has never deviated much from the views of his patron of the moment—and these have covered the full spectrum of Republicanism from Nelson Rockefeller to Ronald Reagan.

There is an uncertain assumption that Mr Bush, from a Brahmin East Coast background, is an old-fashioned transatlanticist at heart. But in current Republican terms this is no necessary asset, because the party's nomination is going to be difficult to win over the opposition of the hard right, who dislike multilateralism. Still, in one recent speech, the Vice President did allow for the possibility that, in certain circumstances, bits, if not all, the Strategic Defence Initiative could be used as a bargaining chip with the Soviet Union.

Senator Dole — naturally, given his congressional experience — is an arch dealmaker, marvellous in negotiation but generally unbothered by principle.

The Democrats have their own ideological hangups, but, as befits a party with more divisions than the Pope, their shading is complex. Most are arms controllers, ranging from the enthusiastic — Biden, Dukakis, Paul Simon—to the pragmatic and knowledgeably cautious, like Sam Nunn. Most can be counted on to raise the banner of human rights, especially in South Africa. All reject the isolationist label and instead look back on what they see as the golden age of US involvement in the world under John Kennedy—before Vietnam, that is, and presumably excluding the Bay of Pigs.

Divisions become sharper in at least three areas: Central America, trade and defence. The conventional left (Jesse Jackson, Pat Schroder and Simon) feels the US has no military business in Central America; Mr Dukakis, otherwise politically elusive, refused to let his state's national guardsmen train in Honduras. Most talk of an economic and cultural aid package for the region; but, in recognition of the impact made by Mr Reagan in the 1980s there is much less about leaving Central America to its own devices, a la Vietnam. Contra aid is going to be something of a litmus test for the party and it is worth noting that the Democrat often thought potentially the strongest candidate of all, Senator Bill Bradley of New Jersey, voted for Contra aid on the grounds that at least it gave neighbouring fledgling democracies a chance to develop without Nicaraguan interference.

The protectionism debate is complicated by the constituencies of the individual contenders. Men like Dukakis, Chuck Robb of Virginia and Bruce Babbitt of Arizona have presided over economic renaissances in their states without recourse to curbs on trade. But, in a national primary campaign, they are vulnerable to attacks from Richard Gephardt, Jackson, Simon *et al* that they will not go the necessary mile to protect American workers.

Similarly, in defence, a suspicion exists on the Democratic left that these affluent states have benefited too much from the build-up in US military capability. In both areas, much is spoken about "level playing fields," otherwise translated as getting the Japanese to pay up.

The biggest, and still largely unanswered question for all of them, Republican and Democrat, is how to get on with Gorbachev's Russia. A lot could happen between now and the start of the primaries to determine appropriate responses, but the most instructive interim reaction has come from the man who could be the best instinctive politician in the game, Jesse Jackson. Recently, having castigated the US President from pillar to post, he thought twice and added: "I've slept under President Reagan for seven years—uneasy. I wouldn't want to sleep under Mr Gorbachev for one night." That would, turned around, be an awfully good question for next year's pollsters.

FINANCIAL TIMES
Tuesday August 25 1987



**Tim Dickson** explains why EC membership remains so attractive

# Queue to knock on Europe's door

WHERE DOES Europe end and the rest of the world begin?

Such questions have been hotly debated since Turkey formally lodged a request for EC membership earlier this year. Out of the blue last month, Morocco announced that it, too, intended to add its name to the application list. Others (Norway, Cyprus, Malta, Sweden and even Switzerland) have also been reconsidering their relationship.

Less attention, however, has been paid to what attractions all these countries see in a club whose members have a reputation for incessant and often petty bickering.

Perennial and well publicised discussion of the EC's annual budget plus the apparent dithering over Common Agricultural Policy reform may be the EC's public face for those within the Community. But this disguises the attractions and achievements which are increasingly appreciated from the outside.

The sheer size and growing solidity of the EC, for example, are undeniably impressive, especially given the scepticism of those who said at the outset that the brave experiment would never last. In 15 years the number of member states has doubled from six to 12 - and in the process the Community has established itself as the unchallenged economic and political unit of Europe. The most recent enlargement, which brought in Spain and Portugal at the beginning of last year, has shown smaller and economically poorer outsiders not only that they can come into the fold but that they can benefit too.

Then there is Commission President Jacques Delors' vision of a more "cohesive" Europe in which the richer countries help reduce the disparity

Jacques Delors: cohesive Europe

in wealth between the northern and southern states. Arguably, this looks more credible from the outside than it does from within. But all the talk about doubling the size of the EC's structural funds in real terms by 1992 has undoubtedly caught the notice of those such as Malta, Cyprus and Morocco which would be potential beneficiaries of such an allocation of resources.

The fact that the funds themselves are relatively tiny (amounting to just 0.16 per cent of the Community's GDP at the moment or around 0.3 per cent if the rhetoric were to be matched by successful action) may not have sunk in.

Above all, however, it is the EC's ambition to create a barrier-free internal market by 1992 which is inspiring countries outside the charmed circle to reconsider the pros and cons of membership or at least to rethink their relationship with the EC.

The European Free Trade Association, the continent's other trading bloc, which comprises Austria, Finland, Iceland, Norway, Sweden and Switzerland, has expressed growing concern that progress towards a genuine internal market could leave its members out in the cold. Admittedly there are no tariffs or quantitative restrictions on Efta's industrial exports to the EC; but administrative and fiscal harmonisation of trade in services, public procurement policy, intellectual property rights and capital movements, for example, are all issues of keen interest to Efta's constituent partners.

While 1992 is clearly an optimistic deadline, the EC's halting but steady development towards common standards for tractor pedals, vehicle emission levels and a host of other items has increasingly severe practical implications for Efta countries and their industrial exporters. Relationships between the two blocs are close - and consultation frequent - but increasingly the European Community is insisting on setting the rules and presenting outsiders with a *fait accompli*.

Such considerations certainly lie behind this year's decision by the minority Labour Government in Norway to lay before parliament a white paper on relations with the European Community. Fifteen years after its population narrowly voted against EC membership, this has led to strong speculation in Oslo and Brussels that sooner or later the Norwegians will reapply.

The Swedes are seriously debating whether their strict neutrality is necessarily incompatible with membership, while the nature of the political debate appears to be changing, albeit to a lesser extent, in Austria and Switzerland.

Amid all the enthusiasm for an ever wider Europe, however, the other question that needs to be asked is whether those apparently knocking at the door will be welcome.

The EC is keen on closer links with just about everybody but the impact of the latest enlargement on decision-making in Brussels has made many lukewarm about the merits of quickly accepting new members. "Every minister who attends a Council meeting knows that the Community is now beyond a reasonable size for decision-making", one senior Community diplomat observed. "It takes at least an hour for a quick *tour de table* on any subject and more like 2½ hours if they have a substantive discussion".

Even Greece, which joined the Community as far back as 1981, has yet to settle in despite the obvious benefits of membership. Spain is finding that the honeymoon period is well and truly over.

As a prosperous country and a strong democracy, it is widely agreed in Brussels that Norway could be absorbed fairly comfortably. But the same cannot be said for Turkey or Morocco, which would impose new economic pressures just as the EC is struggling to cope with the new Iberian members.

"It's just as well that these two, against whom the arguments are so compelling, are at the top of the list", a Commission insider commented, somewhat cynically, last week.

# Congress report criticises MX missile programme

By Lionel Barber in Washington

AMERICA'S front-line strategic nuclear weapon, the MX missile, has serious problems with its guidance system which has made one-third of those already deployed inoperational, according to a Congressional report.

The Washington Post reported yesterday that the faults had led to a temporary suspension of MX test flights and an internal Pentagon investigation to resolve the problems on the missile's accuracy, supposed to be its chief strength.

The MX missile programme has been a perennial source of controversy since 1979 when President Carter proposed that 200 missiles be shuttled among 4,600 shelters in western deserts of the US. Arguments over how best to deploy the 10 warhead weapon, known as "Peacekeeper", have since turned into a debate on its efficiency and accuracy.

The Armed Services committee report is sharply critical of the US air force for not notifying Congress of the problems, but also attacks Northrop Corporation, the US defence manufacturer, which built the missile guidance system.

Northrop officials, testifying to the committee last June, dismissed as "unadulterated nonsense" claims by three former or current Northrop employees that the missile was made so poorly that it was as likely to hit Washington as Moscow.

The US air force repeated, in an official response in the Congressional report, that the 17 test flights had been successful and had met design specifications.

A US air force spokesman, Lt Col Richard Oborn, said yesterday: "There's no question about the capability of the Peacekeeper system".

Mr Les Aspin, chairman of the House committee, said, however, that only five of the 17 test shots had used the production (as opposed to the research) version of the guidance system.

The House committee has long been critical of the MX missile, which it believes is vulnerable to a Soviet pre-emptive strike. It favours the smaller, more mobile, and less expensive Midgetman missile.

The Reagan Administration argues that the MX is the best weapon to hit the rising number of increasingly resilient Soviet targets.

Quality is not the only apparent problem in the MX. At present, there is a backlog of 17 units which should have beensupplied to the air force. Northrop says, however, that the number has dropped from 23 last May.

Last year the air force suspended some payments to Northrop and initiated a criminal investigation of the company following charges of mismanagement on production schedules. Much of the problem stemed from the quick transition from research to production, the air force and Northrop claim.

## THE LEX COLUMN

# Dr Greenspan's greenback

If the equity market is to have a period for reflection, this is it; a week untroubled by alarming economic figures on either side of the Atlantic, followed by a Bank Holiday weekend. Equities opened strongly yesterday, and despite a choppy period on Wall Street's early fall closed respectably ahead. It could be the quiet end to a rough summer - unless, of course, there are any more big cash calls or paper bids in the offing.

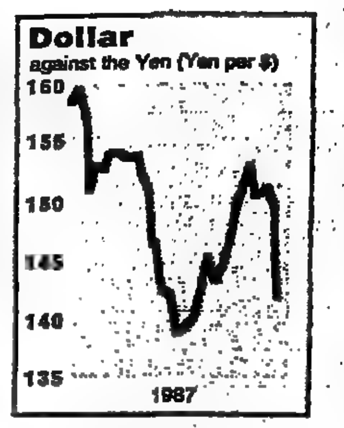
### The dollar

Dr Alan Greenspan has hardly got his feet under the table at the Federal Reserve and he is having to face up to his first currency crisis. How he behaves under his baptism of fire could have as big an impact on the world's equity markets as on the more mercurial foreign exchanges.

He starts with a US dollar which has just suffered its worst tumble in months, and has begun the current week in a decidedly shaky state. The Bank of Japan helped stem its slide yesterday morning, but there is a growing feeling that it is only a matter of time before it tests its springtime lows of Y138.35 and DM1.7690.

The dollar's recent weakness has been characterised as a delayed reaction to the horrible US trade figures for June. But that is only part of the reason. The combination of lower oil prices, which favour the currencies of oil importers like Japan and West Germany, and the perception that the tensions in the Middle East may be easing, which reduces the attraction of the US as a safe haven for funds, also share the blame for the dramatic change in market sentiment. Add to these factors the relatively low level of real interest rates in the US versus a country like West Germany, and the oft-mentioned concerns that the US has done little to remedy its serious budget and trade deficits, and the bears in the foreign exchange markets can make a good case.

After several months of surprising stability in the world's foreign exchange markets, the leading central banks are facing the first serious challenge to last February's Paris accord to stabilise currencies. If Dr Greenspan wants to convince the rest of the world that he is serious about bolstering the dollar, the easiest way would be to force up US interest rates. But long-term bond yields have




risen by a fifth already this year and any further increase could damage the prospects for economic growth in the run-up to next year's Presidential elections.

### Harris Queensway

Nice idea, shame about the timing. Harris Queensway's £100m-odd proposal to enlarge its carpet empire has commercial logic, but shareholders might well feel that the group shouldget its financial systems in place before spending more money, and that Sir Phil Harris should re-establish corporate control before bouncing back as a deal-maker.

Granted, carpets are still the strongest as well as the oldest bit of the Harris group. Adding Allied to the existing business would bring the Harris share of the entire market from 12 per cent to 18 per cent, would extend its range up-market, and would give the kind of clout in buying and distribution which would certainly attract at least passing attention from the OFT. Meanwhile, though the price puts Allied on a p/e which Harris itself can only envy, interest costs would probably be covered in the first year on a pro-forma basis alone.

Barring the management buy-out team, counterbidders have yet to announce themselves publicly, though they are certainly there. Asda is selling in a buyers' market to the extent that it is seeking to undo its diversification in a sector where many others are trying to do the same. Harris, too, is aiming to return to the business it understands, and it will be interesting to see whether it remains committed to electrical or DIY retailing should its bid succeed. But perhaps Allied could have appeal to store groups - Woolworth, say? - whose core business is something to be escaped from.

For Sir Phil, meanwhile, there was an extra twist to the timing in yesterday's announcement that an "amicable compromise" had been reached with his sacked chief executive. If nothing else, it come as a reminder of how little choice he had in making his offer in cash. It will take more than a deal to restore the market's faith.

### Pleasurama

This time last year Pleasurama was discussing a merger with the then rather smaller Mount Charlotte. The deal fell through, Mount Charlotte did others, and now Pleasurama is the junior of the two. Its acquisitions have been of the low cost, add-on variety paid for in cash. Pleasurama is stretching it a bit in claiming that it was part of its strategy for non-casino activities to generate more profit than the casinos in yesterday's interim profits. Had the casinos' biggest customers not been absent on important business in the Middle East, those operations would still be the bigger earner and profits would have been up, not down.

Still, it does emphasise the reason for the diversification - the poor quality of casino profits - and hints at the progress being made. The hotel side is clearly going strong with a 71 per cent occupancy rate and Pleasurama reckons to double its size in the next year without paying over the top for purchases. The holiday division is suffering from the cut-price antics of the air package operators, but with 500,000 customers a year should do well once that competition is sorted out. The amusement machines business can keep adding on small acquisitions and cutting out overheads, and should gain from longer pub opening hours. The group is still feeling its way in the discos and fun pubs area with catering the next adventure.

All that adds up to a group which is slowly but surely improving earnings quality, a process which ought to be recognised in a gradual rerating of the shares. On pre-tax profits this year of £45m (up from £42.3m) and the shares unchanged at 198p, the prospective multiple is an unassuming 14. Pleasurama rightly sees little advantage in splashing out such lowly rated paper.

# Rothschild reorganises assets division

By Stephen Fidler in London

N.M. ROTHSCHILD and Sons, the London merchant bank, has announced a reorganisation of its asset management division after a walk-out by a senior team from its international asset management group.

A team of seven from Rothschild International Asset Management (Riam), including chief operating officer and director Mr James Heyworth-Dunne, gave notice on Friday. The reason for their departure is not clear.

Riam handles Rothschild's US pension fund and other business and has about $3bn of funds under management.

The walk-out by the London-based team also includes one of Riam's two other directors, Mr Richard Chandler, an assistant director, Mr Andrew Baker, two managers and two other staff.

The bank was at pains yesterday to indicate that the move would not have a significant impact on its fund management business. The bank has a total of about $17bn under management.

Mr Nick McAndrew, managing director of Rothschild Asset Management, said the entire group comprised 18 people, and six of the seven vacancies had already been filled by internal appointments. He said it was not clear to him what triggered the resignations.

However, according to other reports the move may have followed a disagreement over the bonus system. Rothschild was paying fixed bonuses instead of the performance-related bonuses common in the City of London and favoured by the departing team. Mr Heyworth-Dunne, however, said he was not free to comment.

Under their contracts, the seven are still employed by the bank until they have worked out up to three months' notice. They are then thought likely to establish a new fund management group.

Rothschild said its reorganisation had been under consideration for some time. It will bring together the bank's fixed interest and currency group, with $4bn under management.

# Dollar remains weak despite Bank of Japan's intervention

BY OUR ECONOMICS AND FOREIGN STAFF

THE DOLLAR remained weak yesterday despite Bank of Japan intervention in Tokyo and comments by a Finance Ministry official suggesting the possibility of co-ordinated central bank in support of the currency.

The US currency had dropped to Y141 in the Far East before the Japanese central bank intervened, buying an estimated $200m to $400m.

The Japanese Finance Ministry official said the central banks of the Group of Seven leading industrialised countries might undertake joint currency market intervention if the yen rose further against the dollar. He said the authorities would not leave the yen's erratic movements alone and that they had been discussing currency market developments with the US and other governments since late last week.

However, no corroboration of the official's remarks was offered by representatives of other G7 nations, and European monetary officials were sceptical whether there was any substance at the moment in the talk about joint intervention.

One official said yesterday's remarks were probably meant to undo the damage done last week by Mr Kiichi Miyazawa, Japan's Finance Minister. His remark that the dollar should be left to market forces had undermined the currency.

Economists outside Japan believe that on balance Mr Miyazawa's remarks represent the more accurate version of official thinking and that the US and Japan were not too unhappy last week to see a slight rise in the yen's value.

Mr Paul Chertkow, director of currency research at the UK securities house Hoare Govett, said: "The Finance Ministry official's remarks were a last gasp before Japan tolerates a further decline in the dollar." He said the Japanese authorities were constrained from aggressively intervening to support the dollar, partly because its substantial dollar purchases earlier this year had bloated the money supply.

Many economists believe the US Administration and the US Federal Reserve would not be unhappy to see a gradual decline in the dollar to head off the cries of the protectionist lobby in Congress after June's disastrous trade figures.

Last Friday's figures showing lower than expected US consumer price inflation last month were seen to give the US authorities more scope to allow a gradual decline in the dollar, and the surprise downward revision of second quarter GNP argued against any tightening of monetary policy.

In New York dealers were cautious after the Bank of Japan's intervention, and the dollar remained comfortably above its overnight low. There was no sign of Fed intervention and what one trader called an "ominous" silence from US officials on the subject of the dollar.

There was no impact on the dollar from the release of figures showing moderately strong growth in personal income and consumption in July. New York dealers believe the dollar has further to fall, but they appeared willing to let it ease down slowly rather than trigger more central bank support.

In London, the dollar closed down at Y141.95 compared with Friday's closing Y142.7 and at DM1.8160 after DM1.8180.

Sterling closed marginally higher. The Bank of England's trade weighted index ended yesterday at 72.7 compared with 72.6 on Friday.

UK securities markets had a better day yesterday, continuing Friday's nervous recovery from sharp falls last week. UK government bond prices closed ½ point higher and equities were also up. The FT-SE 100 index closed 19.3 up at 2,225.1 while the FT Ordinary index ended 24.9 higher at 1,752.1.

Lex, Page 14; Currencies, Page 23

# Overproduction hits oil prices

BY LUCY KELLAWAY IN LONDON

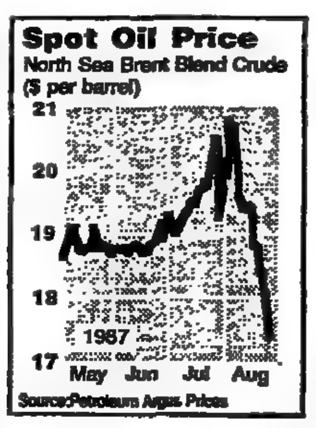
OIL PRICES fell to their lowest levels for four months yesterday, as the market continued to dwell on overproduction by members of the Organisation of Petroleum Exporting Countries.

On the New York Mercantile Exchange, the price of West Texas Intermediate fell 75 cents yesterday morning to $18.15 a barrel, following a downward movement in Europe which left the price of Brent crude nearly 77.5 cents lower at $17.475.

The trigger for the decline was a report by the Middle East Economic Survey, which estimates that Opec production for August is running at 19.7m barrels a day, more than 3m b/d higher than the official ceiling.

Anxiety about overproduction of oil, and a re-evaluation of the chances of Middle East war resulting in an interruption of oil supplies have driven down prices by nearly $4 a barrel since the middle of July, and by nearly $2 in the last week.

Traders said that after yesterday's fall there was no longer any "war premium" in the oil price. "The Gulf is a non-event. The market is worried because there is crude oil all over the place", Mr Chris McCormack of the New York brokerage house, ED&F Man, said yesterday.




In the last few days spot oil prices have fallen by more than $1 below official Opec selling prices, with spot Dubai crude yesterday quoted at $16.25 against an official price of $17.42 a barrel.

The decline reflects the first signs of strain within Opec since it re-established its control over the market at the end of last year, and there was speculation yesterday that the fall in the price could prompt an emergency Opec meeting before the next session scheduled for December. However most traders said that the price would need to settle at least $2 below official prices before a crisis meeting was likely.

Oil prices, Page 22

# English breakfast post haste

Continued from Page 1

arrived on the third day, 34 on the fourth, on the fifth day (from Moscow to Moscow!) two and on the sixth (!!) one."

How to explain this discrepancy? Mr Rubinov discounts the idea that the British Post Office has more modern equipment: "In the centre of the City, almost on the doorstep of St Paul's cathedral, I was shown some equipment which must have been very advanced at the beginning of the century."

Instead, Mr Rubinov detected expectations of better service among British postal users: "Capitalists look after their money better than we do, and so in Great Britain they know that the saying 'time is money' should be taken literally."

In the Soviet Union, by contrast, "no one ever chases anyone else up over here, and we are getting increasingly used to doing without the post altogether if the addressee is in the same town."

A British postal worker, "who is used to treating the client with respect," would not understand the demands made by the Soviet Post Office of its customers.

Parcels are an example: "In the case of a soft parcel you have to cover it in white cloth, sewn from the inside...so that no one can steam it open in transit, and they put wax seals on the seams like they did in the olden days, when letters were carried on horses with bells on."

## World Weather

| City | | °C | °F | City | | °C | °F | City | | °C | °F | City | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | S | 34 | 93 | Dubrovnik | S | 26 | 79 | Malta | F | 30 | 86 | Rhodes | S | 27 | 81 |
| Algiers | S | 34 | 93 | Edinburgh | S | 14 | 57 | Manchester | C | 15 | 59 | Rio de Jo | - | - | - |
| Amsterdam | S | 21 | 70 | Faro | S | 27 | 81 | Manila | - | - | - | Rome | S | 31 | 88 |
| Athens | F | 29 | 84 | Florence | S | 31 | 88 | Melbourne | C | 14 | 57 | Salzburg | F | 28 | 82 |
| Bahrain | S | 38 | 100 | Frankfurt | F | 23 | 73 | Mexico City | - | - | - | San Francisco | F | 15 | 59 |
| Bangkok | S | 38 | 100 | Funchal | C | 25 | 77 | Miami | S | 27 | 81 | Seoul | S | 29 | 84 |
| Barcelona | F | 26 | 79 | Geneva | C | 18 | 64 | Milan | TH | 20 | 68 | Singapore | S | 31 | 88 |
| Beirut | S | 30 | 86 | Gibraltar | S | 27 | 81 | Montreal | S | 13 | 55 | Stockholm | S | 17 | 63 |
| Belfast | C | 14 | 57 | Glasgow | F | 15 | 59 | Moscow | F | 23 | 73 | Strasbourg | C | 23 | 73 |
| [illegible] | | | | [illegible] | | 17 | 63 | Munich | S | 25 | 77 | Sydney | F | 16 | 61 |
| [illegible] | | | | [illegible] | | 14 | 57 | Nairobi | C | 23 | 73 | Taipei | - | - | - |
| [illegible] | | | | [illegible] | | 30 | 86 | Naples | S | 30 | 86 | Tangier | F | 23 | 73 |
| [illegible] | | | | [illegible] | | 25 | 77 | Nassau | - | - | - | Tel Aviv | S | 29 | 84 |
| [illegible] | | | | [illegible] | | 12 | 54 | New Delhi | F | 32 | 90 | Tenerife | F | 26 | 79 |
| [illegible] | | | | [illegible] | | - | - | New York | S | 19 | 66 | Tokyo | TH | 28 | 82 |
| [illegible] | | | | [illegible] | | 24 | 75 | Nice | C | 29 | 84 | Toronto | S | 12 | 54 |
| [illegible] | | | | [illegible] | | - | - | Nicosia | - | - | - | Tunis | S | 37 | 99 |
| [illegible] | | | | [illegible] | | 19 | 66 | Oporto | F | 20 | 68 | Valencia | S | 31 | 88 |
| [illegible] | | | | [illegible] | | 20 | 68 | Oslo | C | 15 | 59 | Venice | C | 23 | 73 |
| [illegible] | | | | [illegible] | | - | - | Paris | R | 16 | 61 | Vienna | S | 25 | 77 |
| [illegible] | | | | [illegible] | | 23 | 73 | Peking | S | 29 | 84 | Warsaw | S | 26 | 79 |
| [illegible] | | | | [illegible] | | 19 | 66 | Prague | S | 24 | 75 | Washington | S | 21 | 70 |
| [illegible] | | | | [illegible] | | 15 | 59 | Reykjavik | C | 10 | 50 | Zurich | S | 19 | 66 |

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

# Arabs debate Gulf policy

Continued from Page 1

will, however, have been comforted by the strong psychological support they have received from most, if not all, other Arab foreign ministers in the face of Iran's threats to retaliate for any Iraqi attacks on its oil export operations by striking Kuwaiti or Saudi targets.

In the Gulf yesterday, the US destroyer Kidd fired machine gun blasts across the bows of two small unidentified boats after they ignored warnings to stay clear of a convoy of reregistered Kuwaiti tankers sailing under the US flag.

The Pentagon in Washington said that the boats, of "unknown nationality," refused to heed verbal warnings and a flare fired in their direction.

SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Tuesday August 25 1987



# SmithKline Beckman buys contact lens manufacturer

BY GORDON CRAMB IN NEW YORK

SMITHKLINE BECKMAN, the Philadelphia pharmaceuticals group, is expanding its eye-care interests by paying upwards of $155m for International Hydron, which was a pioneer in the development of soft contact lenses.

Control of Hydron is being sold by National Patent Development, a New York bio-sciences company in the process of restructuring. National Patent, which owns 80 per cent of Hydron, obtained licences from the Czechoslovak Academy of Sciences as early as 1964 and sold the flexible lens rights to many other producers. Although the original patents have now lapsed the company has more recently been developing a bifocal soft lens from which National Patent will continue to receive royalty income.

Hydron, with sales last year of $67m, represents a substantial part of National Patent's revenues, which last year reached $190.5m. The overall group has been a lossmaker for the past two years, however, and six months ago announced a programme of divestments.

SmithKline will add Hydron to its eye and skin-care unit, which had sales last year of $433m. Under the Allergan brand SmithKline sells lens solutions and optical diagnostic equipment among others, but the company has until now not had a lens making capacity.

The deal with National Patent has been three years in the making. In September 1984 the two companies announced a preliminary agreement for the sale of Hydron but were unable to settle terms.

Hydron, which employs 1,450 people, manufactures in the UK at Camberley, Surrey and in Roosendaal in the Netherlands as well as from its base in Woodbury in New York state.

Mr Gavin Herbert, head of SmithKline's eye and skin care division, said the acquisition "achieves our objective of making Allergan a fully integrated eye-care company." The deal will also help National Patent halve its debt by the end of this year, according to its President, Mr Jerome Feldman.

The slimmed company, which along with the minority of Hydron is quoted on the American Stock Exchange, aims to refocus its business on developing antiviral and immune regulating drugs among others.

It will also retain an interest in three Hydron joint ventures in China which receive rough lenses from Hydron's other plants for finishing there.

# Tubby's prepares beanfeast to swallow Stuff Yer Face

BY OUR NEW YORK STAFF

STUFF YER FACE, an exhortation which adorns the portals of four US eateries and has for some years lent piquancy to the Nasdaq stock quotation lists, is to be swallowed up in a merger with the hungry Tubby's Sub Shops.

Tubby's speciality in "submarine sandwiches" will be joined with the "Stromboli", a hybrid pizza-sandwich which has found modest favour around the Stuff Yer Face base in New Jersey, into a double-decker Dagwood of a corporate enterprise with nearly 100 outlets.

The two companies pronounced yesterday that, following completion of the merger, it was anticipated that the name of Stuff Yer Face would be changed to Tubby's "or such other name as selected by Tubby's management."

Management of Stuff Yer Face, under a complicated reverse split exchange offer which the two sides unveiled, are not being invited to the beanfeast. All are to go, with the exception of Mr William J. Washawanny, the president, who is being retained – perhaps, even, so that he may lend his distinguished moniker to the reborn Stromboli purveyors.

Digesting the takeover may prove easier than tackling one of its products. The Stromboli is an awesome sounding creation described in yesterday's statement by the two companies as "a special sandwich with different stuffings of either meats or vegetables along with cheeses and savoury sauces wrapped up in a freshly made pizza-like dough and then baked."

Tubby's aficianados will, however, be familiar with its "25 varieties of submarine sandwiches including hot steak and burger submarines."

The Fraser, Michigan company, which gains some 6,000 loyal Stuff Yer Face shareholders as well as its Nasdaq listing, made $164,624 last year on revenues of $908,060 while its new partner, somewhat larger with $2.4m in sales, incurred a loss of $84,000.

Tubby's has 32 franchised outlets but is putting in place an additional 39.

# Showa Denko rises by 59%

By Yoko Shibata in Tokyo

SHOWA DENKO, Japan's fourth-largest integrated chemical company, reported pre-tax profits of Y6.4bn ($42.3m) for the first half year to June 1987, up 59 per cent from a year earlier.

The earnings upsurge was attributed to an improvement in the balance on financial items, thanks to repayment of borrowings and the decline of interest rates. Net profits rose 10 per cent to Y2.06bn.

Interim sales advanced 7.2 per cent to Y197.38bn. Sales of petrochemical products, the main line of business, plunged due to softened market prices, but sales of alumina and aluminium pushed up sales.

Profitability in the petrochemical division picked up, because of lower raw materials costs such as naphtha. However, losses in products for steel makers such as carbon electrodes and fire-resistant bricks increased.

The company's operating profits declined 4.6 per cent, but higher financial profits helped the company to score large pretax profits.

For the second half year to December 1987, Showa Denko expects higher sales, helped by price increases for such petrochemical products as synthetic resin, and a recovery in steel-related products.

Full-year operating profits are expected to improve 36 per cent over the previous year and pretax profits are projected at Y14bn, up 57 per cent.

● Arabian Oil, Japan's largest producer, reported sharp gains in sales and profits in the first half of 1987.

Pre-tax profits surged 65 per cent to Y32.69bn, on half-year sales of Y107.02bn, up [illegible] per cent from a year before.

INSTITUTIONS MOVE TO INCREASE THIRD WORLD LOAN CUSHION

# Canadian banks bite debt bullet

BY DAVID OWEN IN TORONTO

ONE BY ONE the major Canadian banks are gritting their teeth and announcing sharp hikes in their Third World loan-loss provisions, in accordance with guidelines laid down last week by the superintendent of financial institutions.

Three of the big six have so far fallen into line, lifting reserves on loans to a basket of 34 troubled debtor nations to between 20 and 40 percent of their exposure.

Bank of Montreal was first off the mark, lifting its cushion to the 35 per cent level and taking an after-tax C$753m (US$570m) charge against third quarter earnings.

Toronto-Dominion and Canadian Imperial Bank of Commerce each responded by raising their provisions to the full 40 per cent. This translated into similar charges of C$475m and C$450m respectively.

In all, the six banks are expected to boost the combined reserves set aside against their C$24bn exposure to the 34 debtors by some C$6bn to C$9bn. Their capital is likely to shrink by around C$3bn or nearly 17 per cent as a result.

The move means that Canadian banks will again be among the best protected of the international banking community against their Third World exposure – a status they had lost in the stampede to raise loan loss provisions which followed Citicorp's May decision to add substantially to its own loan reserves.

The big six may still lag their West German and Swiss counterparts in this department. But the present hike will enable them to leapfrog back ahead of the deeply-implicated US and UK contingent.

While the US banks' cushion is now widely-cited as 25 to 30 per cent of Third World exposure, this is calculated on the basis of loans only to Brazil, Mexico, Argentina and Venezuela – the four largest debtors.

If the sample is extended to cover the 34-country basket used by the Canadians, a cross-section of eight US money centre banks has taken an average provision of just 18.9 per cent of exposure, according to Ms Mary Hallward, an analyst at Toronto-based Nesbitt Thomson.

Around three-quarters of Canada's Third World exposure is owed by the big four debors, analysts say, with in excess of C$6bn apiece owed by Mexico and Brazil. Only an estimated 2–3 per cent of the total is thought to be comparatively risky private sector debt.

Toronto-Dominion is the best-positioned of the Canadian banks to withstand the blow to its balance sheet. In announcing a C$738m increase in its loan-loss reserves last week, Mr Richard Thomson, chairman, expressed optimism that the bank would none the less report a profit for the year – an assessment which most analysts go along with.

Canadian Imperial Bank of Commerce, with its strong equity base and the lowest proportion of Third World debt to total assets of any of the big six, is probably in the next best position.

Richard Thomson, Toronto-Dominion chairman

However, it along with the other four are now expected to return sizeable 1987 losses – despite a helping hand from the Canadian taxpayer. Mr Michael MacKenzie, the federal superintendent of financial institutions, estimates that for every C$1 of gross provisioning, Canadian banks will make "between 40 and 45 cents" of tax recoveries.

A flurry of share issues is expected to follow as the banks attempt to tap the stockmarket to replenish their capital bases.

Already CIBC has announced a C$302m common share issue

However, the figures are not expected to rival Citicorp's forthcoming US$1bn foray into world stockmarkets, partly because, even after the writedowns, the capital adequacy of the big Canadian banks is on a par with or better than their US counterparts.

Even if the six major Canadian banks chose to boost their loan-loss provisions to the maximum stipulated 40 per cent, not one would have an equity ratio of below 3 per cent, according to analyst Mr Roy Palmer of Alfred Bunting.

Chances are that all except Toronto-Dominion and possibly CIBC after its new share issue would slip below the 4 to 5 per cent level that regulators like, however.

The question remains: is 35–40 per cent enough or will the Canadian banks be further haunted by their problem loans in future?

While Mr MacKenzie expresses the hope that "we may not have to revisit this for a while," opinion among analysts is starkly divided.

"I certainly think that 40 per cent is enough – 35 per cent might be," says Mr Neil Withers of Richardson Greenshields. He bases his assertion partly on Toronto-Dominion's sale of a hefty chunk of its Third World exposure at a 30 per cent plus discount.

The bank has given assurances that what was sold was a mix and not just those debts settling closest to book, Mr Withers says.

Alfred Bunting's Mr Palmer holds a very different view, believing that the move "is a one-time hit for this year... If you can take 70–80 per cent provisions," he adds, "I would advocate that banks go there as fast as they can."

# Atari planning $67.3m acquisition

BY LOUISE KEHOE IN SAN FRANCISCO

ATARI CORPORATION, the US personal computer and video game manufacturer, is to acquire a chain of West Coast consumer electronics retail stores.

Atari said that it has signed a definitive merger agreement with The Federated Group to purchase the electronics retail company for $67.3m, or $6.25 per share in cash.

The merger agreement is subject to several conditions including the approval of Federated's bank lenders. Federated's board of directors has approved the merger and is recommending that shareholders accept the offer

Federated operates 66 consumer electronics stores in California, Texas, Arizona and Kansas. The company reported a loss of $5.2m for the year ending March 1.

● Apple Computer has joined several venture capital firms in backing Sybase, a California software company that is developing a relational data base management system for the Apple Macintosh computer. Apple's Strategic Investment Group said that it has taken a minority stake in the software firm as part of a $3.3m round of venture capital funding.

# Hoechst Celanese posts $88m profit

By Our Financial Staff

HOECHST CELANESE, the US arm of Hoechst of West Germany, said it had net earnings of $88m, on net sales of $1.88bn, for the first six months of 1987.

The company said the numbers reflected sales and earnings from the former American Hoechst for the first two months and those of Hoechst Celanese from March 1 to June 30.

# INTERNATIONAL COMPANIES and FINANCE

## First-half earnings up 21% at Haeco

BY DAVID DODWELL IN HONG KONG

HONG KONG Aircraft Engineering (Haeco), the aircraft servicing group controlled by Britain's Swire Group, yesterday reported attributable profits for the six months to June 30 of HK$84.7m ($10.8m), a 21 per cent improvement on the same period last year.

The improvement, which arose from turnover up by just 8.5 per cent to HK$489.2m, was not as strong as the 25 per cent growth recorded in 1986. However, it was better than many had expected, given the imminent loss of a long-standing contract to maintain the Gulf Air fleet. Gulf Air is setting up its own aircraft maintenance subsidiary. A programme to refurbish 11 Gulf Air TriStars was completed in the first half of the year.

A boost came from British Airways, which extended Haeco's contract to overhaul or refurbish 19 of its aircraft. A further six aircraft have now been added, making a total of 25.

In addition, the expansion of Cathay Pacific's fleet, with two aircraft acquired in the first half of this year, and a further four due for delivery before the end of this year, is expected to keep the company's maintenance facilities in full use for the rest of the year.

Mr Peter Sutch, Haeco's chairman, said the company's overhaul division had fallen below capacity since the completion of a large contract in 1986 to convert Pan Am aircraft for United Airways.

A dividend of 14.0 HK cents per share has been declared for the half year, compared with 12.0 HK cents at the interim stage last year.

## Brierley makes all-paper bid for rest of Rainbow

BY CHRIS SHERWELL IN SYDNEY

BRIERLEY INVESTMENTS (BIL), the master company of Mr Ron Brierley, the New Zealand entrepreneur, yesterday made an all paper offer for Rainbow Corporation, the New Zealand investment company headed by Mr Craig Heatley.

The offer follows BIL's acquisition of 30 per cent of Rainbow in April, also in return for shares. If accepted and approved, it will confirm BIL's control of the Woolworths retail group in Australia and foreshadow the creation of a large retail group spanning the Tasman Sea.

A joint statement from the companies said the offer for the rest of Rainbow would be three BIL shares for every five Rainbow shares and four BIL shares for every five Rainbow options.

Mr Heatley said Rainbow directors who had either direct or beneficial ownership of 30 per cent of Rainbow's shares not held by BIL would accept the offer and recommend all shareholders to do so.

BIL's acquisition of its original stake in Rainbow was the result of a battle between the two companies earlier this year for control of Progressive Enterprises, a New Zealand retail group.

Rainbow had a 44 per cent stake in Progressive and wanted to merge with it, apparently to relieve some cash flow problems. BIL made a full bid to pre-empt such a move.

The two parties then reached a deal in which BIL offered four shares for every five Rainbow shares to increase its stake to 30 per cent.

The National Companies and Securities Commission (NCSC), Australia's share-market watchdog agency, initiated an investigation which was inconclusive because BIL's Australian associate, Industrial Equity, already owned 19.9 per cent of Woolworths.

Since Rainbow also held a 19.9 per cent stake in Woolworths, this meant Brierley companies had in effect moved to a 40 per cent interest without having to mount a full takeover offer.

When the NCSC indicated it thought there might have been a breach of Australian takeover laws, Woolworths did not call a shareholders meeting to approve the deal. The problem was further compounded by Rainbow not being listed in Australia.

## Sharp rise in profits at Bell Resources

By Our Sydney Correspondent

BELL RESOURCES, the resources arm of Mr Robert Holmes à Court's Bell Group, which has recently built up a significant stake in Texaco, the US oil company, yesterday reported sharply improved after-tax profits of A$100.3m ($71m) for the six months to June.

The result is 34.3 per cent higher than the figure of A$74.7m for the same period last year and reflects the group's continued rapid development since its inception in 1983, when the Bell Group acquired control of Wigmores.

In equity-accounted terms, the improvement is even more marked. Including the company's share in the profits of Broken Hill Proprietary (BHP), in which it has a 28 per cent stake, Bell's net profits were up 63.1 per cent to A$160m.

A brief company statement issued with the figures said the profit did not include an amount of A$92.7m paid by Adelaide Steamship to Weeks Petroleum, the oil company which is 94 per cent owned by Bell Resources.

This was in respect of a deal between the two companies under which Adelaide Steamship was to deliver to Bell an agreed number of shares in BHP. Adsteam's short delivery is understood to be in the hands of the lawyers.

The figure also does not include a sum of A$49.2m received on the issue of warrants in BHP Gold, the recently-floated company containing BHP's gold interests.

Bell Resources said the amount would be included in profits in the period when the warrants were exercised.

Figures for total group revenue in the six months increased two-and-a-half times, from A$919m to A$2.33bn. Of this, A$1.4bn was characterised as sales revenue or its equivalent.

The company also said there was a positive net cash flow of A$94.4m, but gave no figure for the comparable period last year.

There was an unchanged interim dividend of 7.5 cents per ordinary share.

## Palabora Mining lifts copper sales

By Jim Jones in Johannesburg

INCREASED COPPER sales allowed Palabora Mining, the South African copper mining company controlled by RTZ of the UK, to overcome the effect on turnover of lower prices in the first half of this year.

Copper sales rose to 65,839 tonnes from 60,310 tonnes in the first half of 1986 and turnover advanced to R281.4m ($133.4m), from R257m. Interim operating profits dropped to R105.5m, from R122.1m, however, as costs were affected by lower toll refining and greater purchases of concentrates from other copper miners. In 1986, the year's turnover was R543.5m and operating profit R243.7m.

The directors say first-half turnover was enhanced by a single shipment of uranium. No further uranium shipments are scheduled this year, but the directors expect higher rand copper prices to offset the absence of uranium revenue.

First-half earnings dropped to 144 cents a share from 175 cents and two interim dividends totalling 115 cents have been declared.

## Setback for Associated Manganese

By Our Johannesburg Correspondent

CLOSURES OF European customers' ferro-manganese plants severely affected trading by Associated Manganese, the South African ore and ferro-alloys producer, during the first half of the year.

Turnover dropped to R95.8m ($45.4m), from R117.2m. Operating profit before interest and tax fell to R9.8m from R44.1m and pre-tax profit was R6.8m, against R48.5m. For all 1986, turnover totalled R229.3m, operating profit R77.9m and pre-tax profit R71.1m.

The directors say low pricing pushed ferro-manganese producers into losses and forced some to close down or curtail production. This seriously affected manganese ore prices and demand. The board expects an improvement in the second half, but warns that full-year earnings will be lower.

First-half earnings dropped to 79 cents a share from 598 cents and the interim dividend has been cut to 150 cents from 300 cents. Last year's total earnings were 1,015 cents and the total dividend was 600 cents.

## Sumitomo Bank chief steps down early

BY IAN RODGER IN TOKYO

THE PRESIDENT of Sumitomo Bank, one of the world's largest banks, has stepped down three months before the expiry of his term in office, following reports of discord within the bank over its aggressive expansion policy.

Mr Koh Komatsu, who became president in 1983, led Sumitomo in two bold moves last year. The first was the acquisition of the Heiwa Sogo Bank, a Japanese mutual bank torn by scandal and close to bankruptcy. The second was the investment of $500m for a 12.5 per cent share of the earnings of Goldman Sachs, the US investment bank.

According to Japanese newspaper reports, Mr Ichiro Isoda, the chairman, became increasingly unhappy with the expansion programme, partly because it has resulted in Sumitomo having to relinquish, at least for this year, its long-held title as Japan's most profitable bank.

The Heiwa Sogo acquisition, although costly, has generally been seen in Tokyo banking circles as a clever move by Sumitomo, which has a strong retail operation, to acquire branch outlets in the Tokyo area. But many analysts continue to wonder whether or not the bank will get a good return for its investment in Goldman Sachs. The US Federal Reserve Board has severely restricted the scope of potential co-operation between the two.

A Sumitomo Bank spokesman said Mr Komatsu's move to the largely honorary position of deputy chairman, was made at his own request because of ill health. At a Press conference, Mr Isoda denied that there had been friction between the two. Mr Komatsu will be succeeded by Mr Sotoo Tatsumi, currently a deputy president.

## Honda Motor result hit by further rise in yen

BY YOKO SHIBATA IN TOKYO

HONDA MOTOR has announced its results for the four months to June 30 1987, after changing its accounting year. The next fiscal year will begin on April 1 1988, preceded by two irregular fiscal periods, seven months ending on September 30 1987, and six months ending on March 31 1988.

Consolidated sales for the four months totalled Y1,023.9bn ($7bn), up 9.1 per cent over the comparable four months of 1986, primarily due to increased sales of vehicles in Honda's major overseas markets.

However, consolidated net profits fell by 25.5 per cent to Y28.4bn, due mainly to further appreciation of the yen against the dollar.

# INTERNATIONAL CAPITAL MARKETS and COMPANIES

## Finnair more than doubles earnings

By Olli Virtanen in Helsinki

FINNAIR, the Finnish airline, saw profit before appropriations and taxes take off by 112 per cent to FM 286.6m ($64m) during the year ended March 1987. Group revenue increased by 5 per cent to FM 3.55bn.

Reasons for the improved result include increased air traffic in Europe and lower fuel prices. The airline's overall passenger load factor rose from 74.4 per cent to 76.5 per cent. Scheduled air traffic increased by 3 per cent, while charter operations grew by 26 per cent.

Finnair has been authorised to raise its capital up to double the current FM 120m. Mr Gunnar Korhonen, who has run the airline since 1960, has retired. He was replaced by Mr Antti Potila, formerly chief executive of Rauma-Repola.

● Huhtamäki, the food and health care group, reports a 2.1 per cent improvement in profit before appropriations and taxes to FM 122.4m for the first half of 1987. Operating profit rose by 14 per cent to FM 260m.

Turnover increased by 6.4 per cent to FM 2.21bn. Growth was hampered by the weakness of the dollar. Huhtamäki's largest subsidiary, the US-based confectionary company Leaf, boosted turnover by 23 per cent in dollars but by just 8 per cent in markka terms.

## Japanese move by CFTC

THE COMMODITY Futures Trading Commission (CFTC) of the US is seeking talks with Japanese officials on a regulatory programme which it hopes will help globalisation of futures trading. CFTC commissioner Mr Robert R. Davies said, Reuter reports from Tokyo.

The CFTC programme would allow the sale of non-US futures in the US by exempting some companies from US regulatory requirements.

## GMAC makes debut with Ecu100m issue

BY ALEXANDER NICOLL

GENERAL MOTORS Acceptance Corporation yesterday made its debut in the European currency unit bond market with an Ecu100m issue carrying a short two-year maturity.

The offering, launched by UBS (Securities) with a 7½ per cent coupon and price of 101, followed on the heels of two other US corporate issues in the

INTERNATIONAL — BONDS —

sector, for GTE and Pepsico. But its maturity was shorter on the principle that investors currently like very short maturities whatever the currency.

The issue, like many recently, was aimed very much at the continental European retail investor. It was bid at a discount equal to its 1½ per cent total fees.

The deal was the only feature of one of the quietest days of the summer so far, with most bond markets marking time and watching currency movements. After last week's flurry of dollar issues, the primary sector was quiet, as the dollar was fairly steady following Bank of Japan intervention and New York eased somewhat.

In the yen sector, New Japan Securities Europe bought a Y5bn dual-currency for a subsidiary of Marubeni, the trading company. The five-year deal carries a 7½ per cent coupon and price of 101⅝, and is redeemable 55 per cent in yen and 45 per cent in Australian dollars.

In West Germany, bond prices ended easier as the market awaited today's terms for the new Federal bond issue, expected to yield 6¼ per cent for 10 years. The most recent issue, for 10 years, was yesterday yielding 6.35 per cent.

In Switzerland, bond prices were slightly lower in places. Enso Gutzeit's SFr 100m issue ended its first day's trading at 98¼, 1¾ points below issue price. Terms on City of Kobe's SFr 100m 12-year 4¾ per cent issue, launched at 99½ late on Friday, were thought quite tight, and the issue was bid in the grey market at about 2 points below issue price.

## Trelleborg purchases UK extruded rubber maker

BY OUR STOCKHOLM CORRESPONDENT

TRELLEBORG, the Swedish rubber products group, has acquired Technical Polymers of Birmingham for an undisclosed sum as part of its plan to strengthen its position in the UK market for extruded rubber products.

Technical Polymers has a turnover of about £2.5m ($4m) and employs a staff of 60. It manufactures extruded rubber and PVC products which are used for sealings, for example around windows and doors.

The UK company is to be merged with Trelleborg's subsidiary, Vaernamo Gummifabrik, which it acquired in 1980 and subsequently restructured to concentrate on extruded rubber products. Last year, Vaernoma Gummifabril showed pre-tax profits of SKr 22m ($3.5m) on turnover of SKr 245m, but Mr Rune Anderason, managing director of Trelleborg, expects the merged companies to show profits of about SKr 30m on turnover of SKr 300m this year.

With the acquisition of Technical Polymers, Trelleborg claims it will have about one-third of the UK market, making it the market leader.

## Schneider to buy 50% stake in Dual

By Haig Simonian in Frankfurt

SCHNEIDER, the West German television and electronics group, is to buy a 50 per cent stake in Dual, the record player manufacturer, in a complicated transaction indirectly involving Thomson Brandt, the French electronics group.

Late last week, Thomson Brandt agreed to sell Dual, based in St Georgen in the Black Forest, to Perpetuum Ebner (PE), a little-known company in the same town, which used to own Dual until the latter went bankrupt in 1981. PE still owns certain Dual assets.

As widely expected following the deal, PE has now agreed to sell a half stake in Dual to Schneider, which has the option to take full control by the end of next year.

The value of the deal has not been disclosed, but Dual, which had sales last year of DM100m ($55m), has been incurring losses recently.

The acquisition marks an "attractive expansion" for Schneider, said Mr Bernhard Schneider, its director. Dual's products are positioned above Schneider's existing hi-fi range. The Dual name will be maintained, and Schneider will attempt to restore the company to the position it once held in the hi-fi world. Dual will be run as an independent unit within the group.

Schneider, which was only floated on the stock exchange last October, has been growing rapidly. Apart from TV and audio, the company manufactures personal computers under licence. Turnover in 1986 rose 43 per cent to DM614m, and sales increased a further 42 per cent in the first half of this year.

The purchase should guarantee record-player production at Dual, which employs around 280, for another two or three years, said Mr Schneider. Thereafter, new products, possibly including compact disc and digital audio tape equipment, could either come from Dual or both companies. The company used to employ 2,000 before it went bust.

## Heavier taxes hit Rabobank in first half

By Laura Raun in Amsterdam

RABOBANK, the big Dutch co-operative bank, reported that its first-half profits fell by 6 per cent to Fl 325m ($159m) from Fl 346m in the year earlier period because of higher taxes.

For all of 1987, net income is likely to drop below the Fl 685m of 1986 because of much steeper taxes resulting from lower deductions allowed for assets, the Utrecht-based bank said. Income before taxes and loan-loss provisions, however, is expected to improve again after edging up 1 per cent in the first six months.

Taxes jumped by 24 per cent in the January-June period as a result of reduced write-offs for assets that began in October 1986. Rabobank suffered more than other banks from the slimmer deductions because of its larger guaranteed assets.

Rabobank, which is the second largest bank in the Netherlands in terms of total assets, is the last of the big banks to report first-half results. The bank, which caters to the agricultural industry, kept its costs under better control but had to pay heavier taxes than the commercial banks.

Total income rose by 2 per cent to Fl 2.2bn from Fl 2.1bn after modest increases in revenue from borrowing and lending — outstanding loans rose 3 per cent amid narrower interest-rate margins. Revenue from commissions and in-house investments also climbed.

Overall costs edged up 2 per cent to Fl 1.5bn from Fl 1.47bn on higher expenses for personnel and depreciation.

Provisions for bad loans remained unchanged at Fl 225m compared with the first half of 1986. Pre-tax income increased 2 per cent to Fl 477m from Fl 469m.

The total balance sheet grew 3 per cent to Fl 144.3bn as of June 30, 1987, from Fl 139.69bn on December 31, 1986. The slower growth than the year-on-year expansion was due to the consolidation of the Dutch Shipment Bank, acquired in mid-1986, Rabobank said.

## BNL to acquire German bank

By Our Financial Staff

BANCA NAZIONALE del Lavoro (BNL), the state owned Italian bank, has agreed to buy Hesse Newman, a small bank based in Hamburg.

Hesse Newman, which does not have any branches and reported a balance sheet total of DM 234m ($129m) at the end of last year, is privately owned.

## Ericsson suffers mid-term setback

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

ERICSSON, the Swedish telecommunications and electronics concern, suffered a renewed setback in the first half of 1987 with profits (before appropriations and taxes) dipping by 11.3 per cent to SKr 409m ($64m).

Moreover profits were bolstered by extraordinary gains of SKr 275m on the sale of shares and fixed assets — booked under "other operating revenues" — compared with extraordinary gains in the corresponding period of 1986 of SKr 163m.

Group sales declined by 3.1 per cent to SKr 14.715bn, while new order bookings fell by 5.2 per cent to SKr 15.218bn.

Ericsson said that the trend of both sales and order bookings was adversely affected by the weakness of the dollar as well as by the disposal of certain operations.

The group, which has been warning the stock market for several weeks to expect disappointing results, said that profits in the second half of 1987 are "expected to exceed those for the first half."

Ericsson said its operating earnings had been hit by a sharp decline in the US market for telecom cable, the cost of introducing new radio communications products chiefly in mobile telephony, and high project costs in defence systems.

The group said its profitability had also suffered from the economic situation in Brazil and that the performance of its Mexican subsidiary had had a "strong negative impact" on net financial expenses.

At the end of une Mr Bjorn Swedberg, Ericsson chief executive, warned that the group's simultaneous telecommunications development programmes in the UK and the US required "large amounts of money and are depressing our earnings," and said that the group was experiencing problems from seeking to conduct a number of major development programmes at the same time.

In addition to its costly efforts in the UK and the US telecommunications markets, Ericsson also won entrance to the French market earlier this year through the takeover with French interests of CGCT, which holds 16 per cent of the French market for telephone exchanges.

Ericsson, whose public telecommunications sales increased by 6 per cent in the first six months to SKr 5.58bn, said that its margins in this sector had again declined. Measures taken to rationalise production and administration had failed in the short-term to compensate for increased pressure on prices and continuing high development costs.

Sales fell by 7 per cent in information systems to SKr 4.37bn as a result of a deliberate contraction of operations. Ericsson said that the full effect of its 2-year action programme in this sector, which has run up heavy losses in the last three-and-a-half years, had still not yet been achieved, even though the workforce is now barely two-thirds of its earlier level.

## Sandvik expects to hold profits

BY SARA WEBB IN STOCKHOLM

SANDVIK, the Swedish cemented carbide and special steels group, showed a small slip in profits and invoiced sales for the first six months of this year because of sluggish industrial growth.

The group forecasts, however, that full-year profits would be on a level with last year's figure (before appropriations and taxes) of SKr 1.67bn ($262m).

Sandvik has also signed a letter of intent to acquire Danit, a Danish cemented carbide producer. A price for the deal has not been settled yet.

Danit has plants in Denmark and the US, as well as subsidiaries in Sweden, Britain, West Germany, Italy and the US. It broke even last year on a turnover of DKr 202m ($29m), and has a workforce of 350.

Danit makes cemented carbide products for the woodworking industry, pins for tyre studs and masonry drill tips, a product range which Sandvik says fits in with its own hard materials operations.

Sandvik reported profits (before appropriations and taxes) of SKr 919m for the first six month, down 1 per cent on the comparable period last year. Invoiced sales slipped 1 per cent to SKr 6.29bn, against SKr 6.36bn a year ago.

The group reported a modest 2 per cent increase in order intake to SKr 6.67bn. Invoiced sales to North America fell by 5 per cent, while those to Europe — its main market — slipped by 1 per cent to SKr 3.99bn.

In the cemented carbide sector (which accounts for over 50 per cent of group sales), invoiced sales of rock-drilling tools and other hard material products showed a decline, while those of cutting tools showed a slight increase.

Slack investment activities led to a 4 per cent decline in invoiced sales for steel products to SKr 2bn, but sales of saws and tools rose 17 per cent to SKr 675m due to strong demand for consumer products.

## Norsk Data plans global equity offering

By Our Stockholm Correspondent

NORSK DATA, the Norwegian mini-computer group, announced yesterday that it plans to file a registration statement with the US Securities and Exchange Commission for a public share offering in the US and other countries including Norway.

The size and timing of the offering are to be decided at a later stage, subject to the approval of Norsk Data shareholders. The shares would be non-voting class B, and in the US would be represented by American Depositary Class B Receipts.

## Swedish watchdog seeks funds

BY OUR STOCKHOLM CORRESPONDENT

SWEDEN'S Bank Inspection Board, which is responsible for policing the credit, options and stock markets, has asked the Government to increase the resources at its disposal so that it can cope with the escalating number of crimes and financial scandals which threaten to shake confidence in the various financial markets.

Mr Hans Lowbeer, general director of the Bank Inspection Board, singled out brokerages and finance companies as needing special attention in future, and said that the board needed more resources to crack down on cases of insider trading.

Mr Lowbeer said that with the increasing development of the Swedish markets and the trend towards deregulation, internationalisation and further innovations, it was important to make sure that the markets were properly monitored.

"Too little attention is paid to the brokerages and finance companies now and we need to increase their respect for the rules of the market," he said.

A series of financial scandals has come to the fore in the last year including several insider trading probes and bank frauds. In one case, SKr 53m ($8.3m) was diverted into a private bank account instead of being transferred to the Swedish Staff Pension Society account.

Mr Lowbeer said the board needed an extra SKr3.1m, bringing its total budget up to SKr 26.7m. The money is paid by the various institutions inspected by the board and contributions are in proportion to their turnover, but it is parliament which decides each year how much money the board may have.

The increase would enable the board to boost its staff from 60 to 70 and speed up the installation and operation of a new computer system.

## Amro unit improves

PIERSON, Heldring en Pierson, the Dutch merchant bank which is a fully-owned subsidiary of Amsterdam-Rotterdam Bank, said first-half net profits rose by 4.1 per cent to Fl 34m ($16.6m) compared to the first half of 1986, Reuter reports from Amsterdam.

The bank said pressure on interest rate margins and lower income from securities transactions depressed gross earnings by 0.8 per cent to Fl 171m. Costs rose 4.2 per cent to Fl 99.5m, but taxes fell 24 per cent to Fl 14.3m and provisions fell 6.5 per cent to Fl 21.5m.

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# UK COMPANY NEWS

## Fall in casino profits cuts Pleasurama to £16.3m

BY FIONA THOMPSON

THE MIDDLE EAST conflict has hit Pleasurama, leisure group, resulting in a £3.5m drop in trading profits in its London casino operations, traditionally the haunt of high rollers from the Gulf.

Pre-tax profits for the six months to June 28 1987 were down from £19.21m to £16.27m, primarily due to a decline in casino profits from £11.92m to £8.36m.

Maxims, at the top end of the company's five London casinos, showed a loss. The club has usually relied on a very small number of what the trade refers to as "A category" players, the big punters, in particular from the middle and far east.

Visits from Middle East players have been curtailed, said Mr Warren Tuddenham, managing director. "We've not seen them this year." Though he believes they will return in a year to 18 months, the halcyon days have gone for the time being."

As a result, the non-casino side, at £9.2m, has contributed a larger share of the profit for the first time in the company's history.

According to Mr Nat Solomon, chairman, the board is pursuing a strategy which reduces the group's reliance on profits from the volatile London casinos.

Total group turnover for the six months was £99.98m, compared with £80.55m. The split in turnover for casino/non-casino operations was £33.64m to £66.34m, against a 1986 division of £37.49m to £43.06m.

Interest charges rose to £1.29m from £106,000. Basic earnings, adjusted for a one-for-one scrip issue, slipped to 5.67p from 6.55p after tax of £5.37m (£7.3m).

The directors said they had considerable confidence in the company's future and are recommending an increased dividend of 2p per share (1p). The shares were unchanged at 198p. Of Pleasurama's six divisions—London casinos, provincial casinos, holidays, commercial hotels, amusement machines and leisure — the commercial hotels sector was the fastest growing, according to Mr Solomon.

At present consisting of 10 hotels totalling 500 bedrooms, the company aims to double the number by the end of 1988. Target areas are the south Midlands, the south-east, and its first greenfield site along the M25 corridor.

On the holidays side, the UK tour market has been hampered by poor weather, for the third summer in a row, and the continuing competition of heavily discounted air package holidays. The continental coach programme has also suffered—by appearing relatively costly compared with the discounted air packages.

Though the division's first half results are not comparable because of the inclusion for the first time of National Holidays and Norscot, they are satisfactory given current market conditions, the company said.

In the provincial casino division, both attendances and turnover were up and the board expected a satisfactory year.

The amusement machine sector enjoyed particularly good trading and remained the UK market leader.

The leisure division, which began the year with six discos and one bingo unit, has been substantially enlarged during the last six months, with an additional seven discos and one fun pub, aimed at 18-25 year olds with entertainment and fast food catering.

See Lex

## Whitbread gives its support to Buckley's

By Nikki Tait

Whitbread, the national brewer which holds a 21.7 per cent stake in Buckley's Brewery, yesterday came out in public support of the small Welsh company, which is contesting a £26.6m bid from a nominee company, Brodian.

Whitbread said that it had seen both the offer document from Brodian, which represents the personal interests of two James Ferguson directors, Mr Peter Clowes and Mr Guy Cramer, and Buckley's response. "We will support Buckley's," declared the brewery.

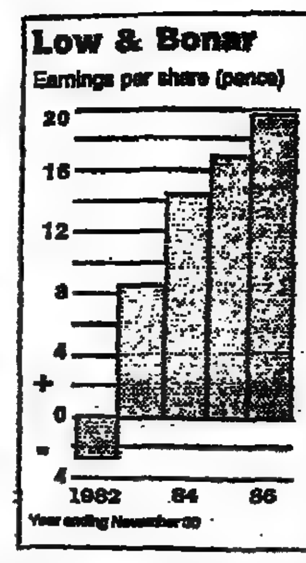
Whitbread has traditionally backed the incumbent managements at the regional breweries in which it holds stakes.

In addition to the Whitbread stake, a further 6 per cent is held by Whitbread Investment Company, the separately-quoted investment trust which will make its own decision over the Brodian bid. Brodian's offer reaches its first close on Wednesday. Yesterday shares in Buckley's were trading 1p higher at 168p—still 7p below the cash offer terms.

## Electronics check Low & Bonar

A REDUCTION in electronic sales causing a setback at Bonar Brentwood and a substantial shortfall in orders for traditional heavy electrical products has caused a downturn in pre-tax profits of Low & Bonar.

Roland Jarvis, chief executive of Low & Bonar




Interim pre-tax profits for the six months to May 31 were £8.01m compared with £8.4m on turnover which had increased from £113.11m to £142.95m, after restating the 1986 figures on merger accounting principles for the Powertec and Advance acquisitions.

A break down of profits shows there was a downturn from £5.53m to £4.9m from the UK/Europe and a setback from £3.09m to £2.7m from Canada. Australia made nil but this was against £133,000 losses in the corresponding period and there was a good showing from the US where profits increased from £1.16m to £1.61m reflecting the major 1986 acquisition of the plant in Tyler, Texas which was proving to be an "excellent" investment.

Mr Roland Jarvis, chief executive, said apart from the short term problems at Bonar Brentwood and with a couple of the newer start-up projects, the rest of the group continued to make satisfactory progress with sales rising in line with objectives.

In plastics divisional turnover increased by 49 per cent to £21m and a good second half is looked forward to. In textiles, which division comprises "Flotex," the "Carelle" non-wovens companies and three companies involved in a range of polypropylene and related products, turnover was up by 32 per cent to £2m. Turnover in electronics remained static at £23m.

In other activities, A. T. Mays, the major retail travel agency in which Low & Bonar has a 35 per cent interest, continues to have another excellent year.

Operating profit for the period was little changed at £8.7m (£8.76m) and the share of earnings of related companies was up from £286,000 to £292,000. Income from fixed asset investments was slightly lower at £250,000 (£297,000) and interest amounted to £1.23m.

There was an extraordinary debit of £446,000 (nil) this time and stated earnings per share emerged at 6.54p (7.89p).

The interim dividend is increased from an adjusted 1.75p to 1.85p per 50p ordinary share.

**● comment**

Low & Bonar has a lot to do digesting the Powertec and Advance purchases and launching its novel Carelle product (possibly to reach the high streets via Marks and Spencer's clothing racks), having spent £120m over the last two years on acquisitions and capital projects. If 7.5-to-8 per cent group operating margins can be restored, then next year should see considerable rises in profits with the 40 per cent gearing reduced and lossmakers turned round. Deficits at three subsidiaries plus exchange rates lopped £2m off these interims and City expectations for 1986-1987 have therefore been marked down by some £3m to £19m—only a whisker above last year's restated level. So slim is the merger accounted gain that earnings per share may well fall by 1p or so this year. However, the company remains committed to a three year £500m turnover target which, along with some unsubstantiated takeover chatter, may have helped the shares up 16p to 304p. A prospective p/e of 9½ may seem mean. British Vita, to which L & B bears a close resemblance, is presently trading on a multiple of 19, but many analysts are uneasy about the frequent shifting of the latters earnings' goalposts.

## Good first-half lifts CEI to £5m

FOLLOWING a static full term result for 1986, figures from the interconnection technology and defence and instrumentation divisions at Cambridge Electronic Industries have boosted taxable profits from £4.03m to £5.03m for the first six months of 1987.

Turnover for the period rose from £63.4m to £68.3m. After tax, up from £1.54m to £1.89m, earnings per share were shown as 7.7p, against 6.2p. The interim dividend is increased to 2.4p (2.2p)—last year's final payment was 5.8p from profits of £10.12m (£10.28m).

The directors stated that the restructuring of the group begun towards the end of 1986, and, recently reinforced by the appointment of two more divisional managing directors, was beginning to produce results. They explained that there had been a gradual improvement in the market place and that the group's order book had grown in all divisions other than defence and instrumentation.

The directors added that against this background a satisfactory outcome for the full 1987 year could be looked forward to with some confidence.

The interconnection technology division traded strongly with profits of £1.59m (£966,000) from a 12 per cent lift in turnover, while the defence and instrumentation division boosted its surplus from £855,000 to £1.28m.

Despite a reduction in turnover of some 4 per cent profits of the electronic components side rose slightly to £1.49m (£1.45m).

Of the specialist companies, Tasc Drives and Graseby Medical produced particularly strong performances, the directors pointed out.

**● comment**

The long-awaited recovery at Cambridge Electronic Industries appears finally to be taking hold. Even if interim pre-tax profits of £5m fell below many City forecasts, it was the strong statements about the second half of the year that underpinned a 4p rise in the share price to 270. Cambridge also introduced management changes that may eventually help bring a more focused strategy to bear on what appears a hodgepodge of businesses. While some of the subsidiaries have occasionally turned in a spectacular performance, others have tended to be clobbered unexpectedly, bringing down the performance of the whole. That is what accounts for the rather undemanding prospective p/e of 13, based on pre-tax profits forecasts of £13m for the whole year. If the downside appears limited, it is also hard to see much potential for motoring ahead in the short run.

## Rolls-Royce buys MatEval

By Steven Butler

ROLLS-ROYCE, the aero-engine manufacturer, has acquired the business assets of MatEval, a non-destructive testing equipment specialist that was in receivership.

The company's products include the Micropulse non-destructive testing system which is used in nuclear power stations, and by areospace companies in the production of composite materials structures.

Financial details of the transaction were not disclosed.

● A substantial number of would-be Rolls-Royce shareholders, including a majority of this returning letters of allocation for the second instalment of shares in the recently privatised company, have failed to specify nationality, thus forcing the company to return applications for registration and other documents

## Victaulic planning flotation

BY RICHARD TOMKINS

A PIPELINE products company which was the subject of one of Britain's biggest employee buy-outs four years ago is planning a stock market flotation.

Victaulic, once part of the British Steel's tubes division, hopes to obtain a full listing at the end of this year or the beginning of 1988. It will be advised by Lazard Brothers, the merchant bank, and Hoare Govett, the stockbroker.

The company's main activities are making plastic pipeline products and engineering plastics. Its subsidiaries include Hitchin, Stewarts and Lloyds Plastics, Victaulic Industrial Polymers, and the recently-acquired Stainless Fittings, Valvestock and PTFE Fabricators.

Its main customers are major utilities in the UK such as British Gas and the water authorities, which together account for about 70 per cent of sales. Government spending cuts caused a downturn in profits in 1985 and Victaulic has been trying to widen its customer base by acquiring businesses in related product areas.

The company was bought for a notional £15m from British Steel at a time when the corporation was divesting its non-steel activities. At the time, it was the second biggest employee buy-out after National Freight in terms of value of assets bought and number of employees involved.

Some 600 employees put up a total of £800,000 in exchange for 40 per cent of the ordinary shares, with further backing coming from institutional backers. British Steel retained 30 per cent of the equity.

Victaulic said yesterday that employees paid an effective price of 12½p a share at the time of the buy-out, since when the value of the shares had risen to 185p. The flotation price was expected to be higher because the latest valuation had been made on the basis that the shares were not quoted on any market.

The company also produced its interim figures for 1987 showing pre-tax profits rising from £3m to £3.3m for the six months to June on turnover up from £22.5m to £25m. Mr David Stewart, managing director, said acquisitions accounted for only a small part of the increase and the outlook for the second half was good.

## TSB and worries over next instalment

By Hugo Dixon

Over a third of TSB Group's 2m shareholders have paid the second and final instalment for their shares, the group said yesterday. The second 50p for the £1 shares is due by 3 pm on September 8. TSB is particularly worried that some of the estimated 50,000 shareholders who have moved home in recent months may not receive the message. If they do not pay, they could lose their entitlement to their existing shares and any bonus shares.

Any shareholders with queries about the second instalment should contact TSB's enquiry line on 0272 300 300.

RKF GROUP, Sussex-based building services group, has paid £460,000 in cash for Emsworth Fireplaces of Havant, Hampshire in its first acquisition since joining the USM in April. The price includes £390,000 for freehold properties.

## BPP expands by 44% to £0.3m first half

BPP Holdings, financial training and publications group, which moved up from the USM to the main market last month, showed pre-tax profits of £300,000 for the six months ended June 30 1987, compared with £208,000, a rise of 44 per cent. Turnover for the period expanded by 68 per cent from £1.16m to £1.95m.

After tax of £105,000 (£81,000) earnings per 10p share were shown as 5.9p (4.7p) while there is an increase in the interim distribution from 2.24p to 2.6p net—last year's final payment was 3.36p from pre-tax profits of £625,000.

Mr Richard Price, chairman, stated that publishing activities continued to show growth. Trading, he added, was generally stronger in the second half, largely because of high seasonal sales of publications at the start of the academic year.

The chairman added that BPP's courses achieved considerable expansion with a significant increase in the volume of examination training courses.

Last month the group acquired Mander Portman Woodward (MPW) which specialises in 'O' and 'A' level examination training, and adds a profitable new area to training activities, the chairman stated. Indications were that there would be good demand for courses during 1987-88.

In April the group acquired the freehold of a 22,600 sq ft property in West London, and all but 4,000 sq ft (let at an annual rent of £44,400) are for occupation by BPP and recently acquired subsidiary CPE Courses.

## Scot Heritable to buy 19% of US housebuilder

BY NIKKI TAIT

Scottish Heritable Trust, the industrial holding company whose interests range from oriental carpets to fireworks, yesterday continued to expand on its US housebuilding interests with an option agreement to acquire 19 per cent of Washington Homes.

Washington Homes is quoted on the New York Stock Exchange and builds some 1,000 homes annually in Washington and Baltimore. It also owns 89 per cent of Washington Savings Bank.

Under the deal, SHT can exercise the option at a price of $17 over a 90-day period. If it does so, its stake in Washington—together with share already held—will total almost 24 per cent.

The deal has been structured in this fashion to meet the requirements of US authorities and SHT has applied for the necessary approvals to cover the change in ownership of the Savings Bank. In the nine months to end-April, Washington saw sales of $57m and earnings before tax of $10.4m.

The deal follows SHT's $10m purchase of a 30 per cent stake in North American Housing Corporation, a Maryland-based company which manufactures modular homes, ten days ago, and Haven Homes in Pennsylvania, which the group acquired for $6m in December.

By 1988, Scottish Heritable suggests, half its profits could come from overseas—predominantly from these US interests. Yesterday, its shares were unchanged at 255p.

## Dale stake cut

Sunleigh, small holding company, where FKI Electricals holds one quarter of the shares, continues to reduce slowly its stake in its former bid target, Dale Electric. Sunleigh is now down to 700,000 shares or 5.21 per cent, against its last recorded stake of 6.33 per cent.

# Marwan raises Benlox stake and joins board

BY NIKKI TAIT

Dr Ashraf Marwan, the Egyptian financier and a son-in-law of the late President Nasser, yesterday announced that he has raised his stake in Benlox Holdings, a small engineering and investment dealing group, to 19.4 per cent and is taking up an executive board post as deputy chairman.

Benlox said yesterday that it understands the company will be Dr Marwan's principal quoted investment in the UK. It is thought to be the first time the financier has taken a formal boardroom place in a UK quoted company.

Benlox, currently capitalised at about £30m and headed by Mr Andrew Millar, recently won a contested bid for Nolton, another mini-conglomerate—part of which it intends to demerge, retaining the property interests.

Yesterday, Benlox stressed that its intention—and Dr Marwan's interest—was to do other deals in the property field. Dr Marwan's stake will be diluted to 15.2 per cent when the Nolton offer is finally completed.

Dr Marwan bought much of his stake from Mr Millar. At the outset of the bid battle in June, Mr Millar placed his 26 per cent holding in the group and Dr Marwan picked up 10.5 per cent, with three MIM funds and London Investment Trust taking the rest. Between August 19 and 21, he acquired a further 460,000 shares through the market and yesterday purchased 3m more from Mr Millar. Mr Millar's interest is now down to 500,000 shares — or just under 2 per cent.

Dr Marwan has featured indirectly in a number of takeover bids in the UK — in particular, House of Fraser, Fleet Holdings and Extel — and is a friend of Lonrho's Tiny Rowland. Most recently, he cropped up with a stake in Bridon, the wire and engineering group.

Yesterday, Benlox shares were 1p higher at 70p.

# Oceonics loss halved to £4m

BY STEVEN BUTLER

Oceonics, the marine and defence electronics group, has more than halved its pre-tax losses to £4.06m (£8.73m) in the year to the end of March, on turnover that fell from £44.86m to £20.96m.

Mr Peter Laister, chairman, said that the group had now been put on sounder footing and that the board "cautiously expectes that the group will begin to trade profitably during the current year."

Oceonics had been hit hard by the downturn in the oil prices which affected the rental of marine equipment. It has in turn been attempting to build up the defence electronics side of the business.

The more recent rise of oil prices has led to stabilisation in the activities of Geosite, the survey business, and Seatronics, the rental and equipment subsidiary, although Mr Laister said that a lag would be experienced between improvement in market and its impact on performance.

Manpower levels were reduced to be consistent with continuing operations, and net borrowings were reduced during the year.

Dependence on the oil and gas industries would continue to be reduced while the company diversifies into areas of software development and consultancy in the defence and sub-sea engineering industries. Turnover and exports improved at Oceonics SPL, the defence electronics subsidiary, and the company produced a profit on the year. Oceonics Communications, the video conferencing and communications subsidiary, made losses, although progress was reported as "steady".

Loss per share fell from 28.5p to 12.9p. The company benefited by the absence of exceptional and extraordinary items both above and below the line that had depressed the previous year's results. Interest charges fell from £1.5m to £494,000.

No dividend was declared owing to the deficit on distributable reserves.

# American Trust assets up 20%

American Trust raised its net asset value to 209.5p at July 31, 1987, an improvement of 20 per cent on the stated figure a year earlier.

For the six months to end-July net revenue fell from £2.066m to £2.06m after tax of £1.57m (£1.78m) and minorities of £397,000 (£855,000). Earnings rose from 1.54p to 1.77p, while the interim dividend was unchanged at 1.15p.

Attributable profits at Edinburgh Fund Managers, a 53.8 per cent owned subsidiary of American Trust, rose from £2.02m to £2.14m for the same six months.

The company, which moved from the USM to a full listing in July, said turnover was marginally lower at £4.18m (£4.26m) after a 10 per cent decline in unit trust trading profits and the absence of compensation payments which last year amounted to £130,000. During the interim period, EFM launched a successful new unit trust, EFM Pacific Fund.

There was an extraordinary debit of £67,000 (nil). Tax took £1.06m (£1.18m) and minority interests took £3,000 (£1,000). Earnings per share fell from 14.25p to 13.48p. The interim dividend is increased from 2.5p to 4p to reduce disparity.

# Marketing costs check Dewhirst profit rise

BY DAVID WALLER

I. J. Dewhirst Holdings, the clothing manufacturer which derives most of its income from sales to Marks and Spencer, yesterday announced an increase of 5 per cent in its pre-tax profits for the 28 weeks to July 17, despite a 16 per cent rise in turnover.

Interim taxable profits were £2.8m against £2.67m for the same period last year, achieved on turnover up by £3m to £35m.

Although profits for the first half last year had risen by 16 per cent over the previous period, the relatively modest increase this year was anticipated by the City and the share price rose yesterday 1p to 81p.

The company attributed the divergence between the increase in turnover and that in profits to the costs of establishing a worldwide marketing team, and of diversifying from its traditional activity of making men's clothes into making women's clothes.

Dewhirst's commitment to womenswear was yesterday confirmed with the announcement of the acquisition of May Trading, a private company which supplies skirts and belts.

Dewhirst is to pay £1.95m in cash for May, to be raised from the placing of 2.54m new Dewhirst shares at 76.75p. In the year to September 30 1986, May made profits before tax and directors' emoluments of £394,000, on £3.7m turnover.

Earnings per share at Dewhirst rose from 1.93p to 1.94p, and an interim dividend of 0.24p was declared, against 0.217p.

## ● comment

Although in tribute to M&S's ability to squeeze its suppliers to the bone, Dewhirst's trading margins declined from 8.3 to 7.5 per cent in the first half. This reflects lousy weather, as well as the costs of diversification into women's wear. Hitherto hampered by its inability to make permanently - pleated, stylish skirts to go with its up-market jackets, the acquisition of May on a single-figure exit multiple, can only help Dewhirst advance. But only in the medium to long term — the mooted margins improvement in the second half is unlikely to be spectacular. Analysts forecast profits of just over £7m for the full year, against £5.3m last year, putting the shares on a prospective multiple of nearly 16. This rating is higher than that for sector giants Courtaulds and Coats Viyella, and is sustainable if higher sales do in time generate higher profits. One to hold.

# Guinness Peat calls for end to criticism

By Terry Povey

Guinness Peat Group last night called upon its major shareholder Capitalcorp to either bid or shut up. Capitalcorp, 75 per cent-owned subsidiary of New Zealand's Equitcorp, has an almost 30 per cent stake in GPG.

There has been a week of bitter exchanges between the two groups following an indication of a possible bid by the New Zealand group as it attempted to prevent management and organisational changes at GPG's merchant banking arm Guinness Mahon.

The latest salvo to be fired by the UK financial services group will be the release today of details of the planned changes at Guinness Mahon. Yesterday GPG obtained clearance from the Takeover Panel to press ahead with this announcement —following a decision by Samuel Montagu, Capitalcorp's advisors, not to appeal against a ruling that the management would go ahead as it was in train before last Tuesday's bid threat was delivered.

Capitalcorp has, however, blocked any implementation of these plans by obtaining an interim injunction. On Sunday, the New Zealand group offered to drop this legal action if GPG would put the matter to shareholders.

However, yesterday Mr Alastair Morton, GPG's executive chairman, adamantly rejected this offer. The UK group believes that Equiticorp is attempting to obtain back-door control. Mr Michael Kerr-Dineen, GPG's managing director, said: "We are not going to be dictated to by a minority shareholder."

The New Zealanders argue that the incentive scheme proposed for the team of a dozen executives to be brought in to run Guinness Mahon is far too costly, involving amounts running into millions. This would seriously damage the £100m investment Capitalcorp has made in GPG and be against the interests of shareholders they claim.

Last night Capitalcorp said it would be "very thrilled if all of the Guinness Mahon incentives are made public so that they can be debated." Among options being considered in addition to a possible full bid are the requisitioning of an extraordinary meeting to consider the incentive scheme. However, "we will not keep shareholders waiting for too much longer," said one of its advisors.

Meanwhile, GPG will be meeting today with its lawyers to consider how to get the injunction lifted.

Last night GPG's shares closed up 1p at 110p, the level Capitalcorp has indicated it might buy additional shares and therefore be obliged to bid under City takeover rules.

ARTHUR LEE & SONS is to acquire Plutec Ltd, a Warwickshire-based specialist moulder of thermoset and thermoplastic resins, for £800,000, and a possible further profits-linked payment. Plutec produced £80,961 pre-tax profits for the year to October 31, 1986, with net assets of £488,782.

Richard Tomkins considers Cannon Street's return to popularity

# Nursery for successful flotations

EVERY YEAR, for more than 10 years, the same angry investor scrawled the same abusive message on his proxy card and sent it to Cannon Street Investments before the company's annual meeeting.

"You useless lot of bastards," he opined.

For Mr Bill Hislop, Cannon Street's 55-year-old chairman, no explantion was required. The outburst was a reference to the fact that this investor, along with 11,000 others, had seen the value of his stake shrink to almost nothing in the wake of the investment holding company's near-collapse in 1974.

In 1985, however, Cannon Street began a come-back which has seen its market capitalisation rise from £4m to nearly £200m. Its share price, adjusted for rights, has risen ten-fold in just two years.

It is probably no coincidence that the messages have suddenly stopped. Yet that shareholder might be forgiven if he were to scrawl on his next proxy card: "This time, will it last?"

The Cannon Street of today is not greatly different to that of 1974. The corporate objective is still to buy small, but successful, private companies and groom them for flotation.

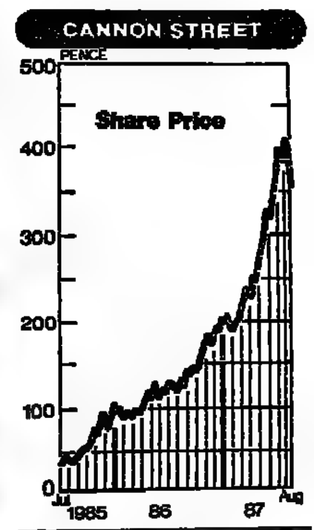
The difference is that in its first incarnation the group made an ill-starred move into banking with the acquisition of Cannon Street Acceptances. When the secondary banking crisis struck in 1974, CSA went under with outstanding loans of 18.5m, and dragged the rest of the group down.

It took from then until 1985 to sort out the mess and pay-off the debts. After a series of asset disposals, the company which emerged to float itself on the USM that year was a much slimmer animal than it had been a decade earlier. Of its sizeable portfolio of quoted and unquoted companies, only three were left: a Christmas hamper distributor, a plastic flowerpot maker and a distributor of laboratory equipment.

Since then acquisitions have come so fast that even Mr Hislop, who was managing director at the time of the company's downfall and has led it to recovery, has lost count. The figure is much higher than 20, and last week two more subsidiaries were added. A £34m rights issue—the third in 18 months—was also announced to finance further acquisitions.

Cannon Street's philosophy is to buy sound, cash-generative, service-orientated companies with management intact. It is not generally interested in turnarounds, venture capital opportunities or cases where existing management wants to retire. And perhaps most important of all, the Edinburgh-born Mr Hislop does not like paying too much money for his acquisitions. He has only once paid more than seven times earnings for a company.

Bill Hislop, chairman of Cannon Street Investments




The corporate strategy is to act as a nursery for these businesses, advising and supporting them in the run-up to an eventual flotation. A six-man corporate resource group monitors performance from the centre, but management at subsidiary level is given a high degree of independence and is motivated by earn-out arrangements, which relate the money they receive for their business to profits during the three years after flotation.

The companies so far acquired are a motley assortment, arranged in a divisional structure which seems to grow another leg whenever an acquisition does not conveniently fit into one of the existing ones.

If the rationale for this loosely-knit assembly of business is elusive, it is largely because Mr Hislop spurns the notion of synergy. "I used to believe in it when I was a starry-eyed youth, but now I know it's just a load of old rubbish," he says.

"Getting the right chemistry between people is much more important. We are building up a group of like-minded, ambitious individuals who aim to float either by themselves, or with others in the same division, in three to five years' time."

But why should companies sell to Cannon Street on seven times earnings instead of going for higher-priced flotations on their own account straight-away?

The main reason, according to Mr Hislop, is that the vendors are going to capitalise on their success without having to undergo the strain of public exposure and the other obligations which a flotation brings, until they are better prepared for it. Meanwhile, Cannon Street assists with the development of their business, and they acquire a stake in both Cannon Street and their own business's success through share options.

"We have 30 millionaires working for us today and there is certainly no shortage of other candidates," says Mr Hislop. "We turn down 100 companies for every three we accept."

The main criticism is that it is a creature of the bull market. It can only use its own paper to make acquisitions, and can only float its subsidiaries, when share prices are steady or rising.

Mr Hislop says this view is misguided on two counts. Cannon Street's strong positive cashflow means it could carry on making acquisitions even if it never issued another share. And because its subsidiaries have been acquired on lowly price/earnings multiples in the early stages of their development, the group as a whole would show rapid organic growth even without flotations.

Cannon Street's profits have moved rapidly upward since it rejoined the market, from £939,000 in 1985 to £3.1m last year. Brokers are forecasting £12m this year and about £20m in 1988.

If the market is firm, the flotations could begin in 1989 with Betacom, Britain's biggest supplier of domestic telephones. It is in the books at £1.25m, with goodwill written-off at the time of acquisition. This year the company is likely to make pre-tax profits of £1.4m. A flotation at 14 times 1986 earnings, on a standard tax charge, would fetch nearly £13m.

It is the prospect of capital gains on that scale which continue to stimulate enthusiasm for Cannon Street. A falling market would surely hinder the company's progress, and the momentum will in any case become harder to sustain as the group becomes larger. But with Mr Hislop firmly ruling out the possibility of setting up a banking division, the City, like the angry investor, has proved willing to forgive or forget the events.

Significantly, the institutions have overtaken small investors as the principal shareholders, accounting for 42 per cent of the equity.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corresponding div | Total for year | Total last year |
|---|---|---|---|---|---|
| American Trust ...int | 1.15 | — | 1.15 | — | 3.3 |
| BPP ...int | 2.6† | Oct 28 | 2.24 | — | 5.6 |
| Cambridge Elect ...int | 2.4 | Nov 3 | 2.2 | — | 8 |
| I. J. Dewhirst ...int | 0.24 | Nov 20 | 0.22* | — | 0.86* |
| Edinburgh Fund ...int | 4 | — | 2.5 | — | 8 |
| Low & Bonar ...int | 1.85 | Nov 16 | 1.75* | — | 5.35* |
| Pleasurama ...int | 2 | Oct 14 | 1* | — | 4.88* |
| Scot Eastern Inv Tst int | 0.85 | Oct 26 | 0.85 | — | 2.2 |

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third market.

## Public Works Loan Board rates

Effective August 21

| Years | Quota loans repaid by EIP† | A‡ | at maturity§ | Non-quota loans A* repaid by EIP† | A‡ | at maturity§ |
|---|---|---|---|---|---|---|
| 1 | — | — | 10⅞ | — | — | 11⅜ |
| Over 1, up to 2 | 10¾ | 10⅞ | 10⅞ | 11⅜ | 11⅜ | 11⅜ |
| Over 2, up to 3 | 10⅞ | 10⅞ | 10⅞ | 11⅜ | 11⅜ | 11⅜ |
| Over 3, up to 4 | 10⅞ | 10⅞ | 10⅞ | 11⅜ | 11⅜ | 11⅜ |
| Over 4, up to 5 | 10⅞ | 10⅞ | 10⅞ | 11⅜ | 11⅜ | 11⅜ |
| Over 5, up to 6 | 10⅞ | 10⅞ | 10⅞ | 11⅜ | 11⅜ | 11¼ |
| Over 6, up to 7 | 10⅞ | 10⅞ | 10⅞ | 11⅜ | 11⅜ | 11⅛ |
| Over 7, up to 8 | 10⅞ | 10⅞ | 10⅞ | 11⅜ | 11¼ | 11⅛ |
| Over 8 up to 9 | 10⅞ | 10⅞ | 10⅞ | 11⅜ | 11⅜ | 11⅛ |
| Over 9, up to 10 | 10⅞ | 10⅞ | 10⅞ | 11⅜ | 11⅜ | 11 |
| Over 10, up to 15 | 10⅞ | 10⅞ | 10⅞ | 11¼ | 11⅛ | 10⅞ |
| Over 15, up to 25 | 10⅞ | 10⅞ | 10⅞ | 11 | 10⅞ | 10⅞ |
| Over 25 | 10⅞ | 10⅞ | 10⅞ | 10⅞ | 10⅞ | 10⅞ |

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

# UK COMPANY NEWS

Nikki Tait looks at the influence of Bruce McInnes on Charles Baynes

## The acquisition trail beckons

BRUCE MCINNES looked apprehensive.

A year after first arriving in London from South Africa, he was set to trawl the books of Charles Baynes, the Cardiff-based shell where the final formalities ensuring control had just been completed.

"I've done a Cook's tour of all the operating companies," he explains candidly, "but that's more for a flavour of the people. Not knowing the details in the big concern.

THE SOUTH AFRICAN INVASION

"Here we have a company which was struggling, and I'm using institutional money. Do I know all the worms? It's scary stuff."

Not that this livewire 39-year-old's track record suggests an over emphasis on either convention or safety. McInnes admits that his life seems to go in defined cycles — "a bit like Picasso's blue and pink phases." The first saw the unlikely role of a university chemistry lecturer (hence a doctorate). But superstar status in the academic world seemed unlikely to beckon and he promptly switched to chartered accountancy, becoming a 27-year-old articled clerk.

It was two years later, then qualified, that the sea-change occured. He moved to Liberty Life, South Africa's third largest insurance company. Within months, he had become personal assistant to its chairman, Donald Gordan—who last hit UK headlines over his long-standing pursuit of Sun Life, the British life company.

McInnes makes no secret of his personal admiration for Gordon, nor of the impact which that lifestyle had. "It was totally unstructured," he remembers. "But then if you work 20 hours a day and everyone else works 16, no wonder you're ahead. I was exposed to all sorts, particularly acquisitions and takeovers. And I wanted to do it for myself—there was no doubt about who called the shots."

So in 1980, he took self-imposed demotion and joined a subsidiary of Blue Circle Industries, Hudaco, which distributed industrial consumable goods. Starting as finance director, McInnes became managing director within a year in face of some fairly rapid restructuring by the cement parent. "I had never fired a single person before; then in one year I had fired 200—pretty traumatic."

The effect was a steady improvement in Hudaco's performance but an internal disillusion remained. In McInnes' words, "The people at BCI would have needed a map to find the place."

The result, three years later,

Dr Bruce McInnes, executive chairman of Charles Baynes

was a management buyout. "BCI was the first to fall over laughing," he remembers when the suggestion was mooted. Nevertheless, with backing from Volkskas Merchant Bank and Barclays and over a remarkably short time period, the deal went ahead. Management buyouts are a good deal rarer in South Africa than here and Hudaco—around R20m—was the largest-ever done there at that time. A year later, Hudaco's shares were listed in Johannesburg following a private placing, at 150 cents; today they are 725 cents.

Since then, the profit record has been more than presentable: the company moved from R3.6m in the year to November 1985 to R8.6m in 1986. According to local brokers, it looks likely to top R11m in the current year.

So why drop the reins when everything appeared to be going so well? The reply is well rehearsed. "Because I was getting a little stale, the executives were good and quite aggressive, and I didn't want to hit a big acquisition trail." Politics? "It's a great country, but it is obviously quite turbulent," comes the cautious reply.

Alighting on Baynes was the product of a long slog—a contact of a contact mentioned McInnes to an unhappy Throgmorton Trust, which held a 6 per cent stake in the company. Baynes had been a previous shell vehicle for another entrepreneur, Peter Dellar, but seen mounting problems over 1984-85 and 1985-86. By end-September 1986, their annual pre-tax loss had risen to £836,000 and there was a deficit on distributable reserves of £1.7m.

The plus point was that some cleaning up of the disparate mini-conglomerate has already been done; the bulk of the textile rental division was sold and negotiations were underway for its travel division.

Securing the buy-in was anything but easy. But having finally reached agreement with Dellar (despite a rival proposal), McInnes finally faced a shell with debts reduced by the sales to around £2.5m, a residual laundry business which will probably go, and a couple of small interests (stone-cleaning and hacksaw blade manufacture) which their new owner describes as "quite interesting."

The buy-in itself took the familiar pattern; a British Virgin Islands company, Lotus, controlled by McInnes' family trusts, subscribed for 10m new shares at 20p, and Hambros for a further 5m, just over half of which were placed at 21p with institutions and the rest with friends and associates of McInnes. A further 4.8m were issued as a rights issue, raising £3.8m in total—enough to clear all borrowings.

On top of that, McInnes himself got a hefty option incentive: Lotus can subscribe for a further 3.7m shares at 20p in three to 10 years' time. In total, the potential stake for Lotus and its associates works out at around 38 per cent.

The share price, of course, swept ahead—currently trading at 115p and double the suspension price ahead of McInnes' arrival. It capitalises the company at around £45m, giving a Lotus an immediate £9.5m paper profit. So where will Baynes go?

McInnes is clear. He is looking at a shortlist of companies distributing "industrial consumables"—unglamorous replacement parts, very much in the Hudaco mould. He expects the first acquisition to be a quoted company. The size of the deal could be anything from £10m to £100m.

He will not be travelling alone. Joining the board as a non-executive director is Ken Williams, a chartered accountant looking after SA Breweries' overseas interests in Britain, who helped during the Hudaco buyout and participated in the Lotus buy-in. In as McInnes' number two comes John Perkins, a colleague from his Liberty Life days.

"The key," adds McInnes, "is time. The rating isn't going to stick around. I reckon I've got six months at the outside."

*This is the second in a series of three articles looking at South African entrepreneurs in the UK.

## Seacon extends bid for Milford

By Clay Harris

SEACON HOLDINGS has extended its all-paper bid for Milford Docks, the troubled Welsh harbour and hotel operator, until August 28.

So far it has received acceptances from 67.58 per cent of Milford shareholders to add to the 18.75 per cent stake owned by Seacon Ltd, the Isle of Dogs-based cargo handler and shipper which will be combined with Milford in the new group.

The bid has been extended primarily to allow Milford shareholders whose names have only recently appeared on the register (even though trading has been suspended since February) an opportunity to accept Seacon's 15-for-100 offer.

Seacon intends to end the Milford listing, even though it cannot force the minority shareholders to sell even if the 90 per cent acceptance level is reached. Compulsory purchase powers under Companies Acts do not apply to Milford, which was chartered by Parliament in 1874.

The offer values Milford at about £562,000, based on Guidehouse Securities' estimate of the value of the new Seacon shares. In the offer document, the Milford board said that the company had net liabilities of £23,500 at May 31.

## A Fisher's £15.4m US acquisition

BY CLAY HARRIS

Albert Fisher Group, the food processing and services company, is to pay up to $25m (£15.4m) for Lee PlaceHay-Tarantino, a San Francisco-based fruit and vegetable distributor.

The acquisition is Fisher's largest single US deal, continuing the group's emphasis on operations in California and Florida, which together produce 70 per cent of fresh fruit and 60 per cent of fresh vegetables eaten in the US.

A series of purchases beginning in 1984 has made Fisher the largest fresh produce distributor in Florida, and Tarantino will extend its operations to northern California from Los Angeles where it owns Coast and Apex Wholesale.

Of Tarantino's two divisions, LRT supplies institutional caterers and Golden State sells direct to supermarkets. Excluding non-recurring expenditure, it achieved pre-tax profits of $3.05m on sales of $39.1m in 1986 and $1.7m on sales of $20.4m in the first six months of this year.

Fisher initially will pay $15m in cash and issues 980,840 shares (worth $3m) to the vendors. An additional payment of up to $7m in cash and shares depends on profits to August 31 1989.

This "earn-out", a standard feature of Fisher's acquisitions of private companies, includes three-year service contracts for Mr Joseph Tarantino and Mr Bruno Andrighetto, chief executive and chief operating officer respectively. Both now aged 60, the two men founded the company about 40 years ago.

## Shandwick spends £9.2m on US expansion in PR

BY STEVEN BUTLER

Shandwick is expanding its network of public relations subsidiaries into the American Midwest, with the acquisition the Detroit-based Casey Communications Management for a maximum of $14.9m (£9.2m).

An initial payment of $2.76m is to be followed by performance related payments over three years until the end of 1989.

Shandwick said Casey was last year ranked the 18th largest US public relations firm, with clients including General Motors, General Electric (of the US), and the Michigan Telephone Company.

Casey's pre-tax profits in 1986 were $1.45m. Increased expenses relating to new staff and premises in the current year, however, are expected to lead to substantially reduced profits. Profits for the year to the end of September 1988 are forecast at $719,000.



CONTRACTS

## Newspaper plant at Preston

NORWEST HOLST has started construction work on Preston's £27m Broughton Newspaper Project for United Provincial Newspapers. Valued at £8.3m, Norwest Holst's work involves a newspaper printing plant consisting of a press hall, reel store, publishing and pre-press offices and ancillary buildings together with access roads, car parks and landscaped areas. Although the contract duration is scheduled for 58 weeks, section one—mainly the press hall building—is to be completed by week 24 to allow the printing machinery to be installed.

## £20m orders for Willmott Dixon

Contracts totalling over £20m have been won by WILLMOTT DIXON. These include a £1.4m extension to a Norwich superstore; a £1.2m computer centre for US stockbrokers Drexell Burnham Lambert Holdings; homes adapted for the disabled in Beckton—the £1.4m scheme, for the East London Housing Association, includes general family housing; and contracts worth £3.4m by Luton Borough Council to build 143 new homes

## Fenland sewage works

SHAND, Matlock, has won contracts totalling nearly £8.5m. Included is the civil engineering contract for the Flag Fen sewage treatment works at Peterborough. This turnkey project, with Ames Crosta Babcock for Anglian Water, is to construct a 58,000 cu metres per day plant and will replace works unable to cope with a population which has doubled in the past 10 years. Completion is expected in late 1988. Other work includes a £50,000 sewerage scheme for Warwick District Council; a £800,000 project to upgrade the River Tame McKean Road to Flash Road and the £250,000 Walgradge Borehole development just north of Leek—both for the Severn Trent Water Authority; and a £860,000 scheme to improve Cambridge Street, Birmingham, for NEC.

## New hotel at Chester

Chester International Hotel has awarded ALFRED McALPINE CONSTRUCTION a contract worth £7.5m to build a 150-bedroom hotel in the heart of Chester. It will feature restaurant, bars, banquet suite, meeting rooms and car parking. Leisure facilities include sauna and steam rooms, sun-beds, jacuzzi and a multi-gym. The project has been funded through a public flotation under the Government's Business Expansion Scheme. The hotel will be managed by Queens Moat Houses. Construction will take 21 months and the project is due for completion in spring 1989.

## £13m Hammersmith office block

McLAUGHLIN & HARVEY won a total of £14m in new contracts last month. At the former Cadby Hall site in Hammersmith a £13.2m office development contract for Wyndham Investments has been awarded. Renamed Windsor Plaza, work has started and is scheduled for completion on September 24 1988. A £697,000 contract for the St Martins Property Corporation has been awarded to construct a bridge "skywalk" which will provide access from London Bridge City to London Bridge Station.

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TILBURY CONSTRUCTION has won a contract, worth almost £3m, to build 49 homes for the London Borough of Lewisham. The one-, two- and three-storey dwellings will be contained in 10 blocks of traditional construction and will provide homes for four-, five-, six- and nine-person families. Work is due for completion in December 1988.

## Diesel engines for Navy

Manchester-based CROSSLEY ENGINES, part of NEI-APE, has been awarded a £2m contract to supply the main propulsion diesel engines for the first of the new Royal Fleet Auxiliary supply ships currently being built at Harland and Wolff in Belfast. The vessel will be powered by two Crossley-SEMT-Pielstick 16-cylinder engines, each with a maximum continuous rating of 11,950 hp at 520 r/min. This contract follows closely the success of another NEI company, NEI Clarke Chapman, Gateshead, in winning a £4m contract to supply the complete equipment package for the same ship. This company will supply all the winches, windlasses, deck cranes, steering gear and the complete Replenishment At Sea equipment. The electrical control system for the deck equipment will be supplied by NEI Electronics, also of Gateshead. NEI-APE, NEI Clarke Chapman and NEI Electronics are all part of Northern Engineering Industries.





APPOINTMENTS

## Management changes at the Yorkshire

The YORKSHIRE BUILDING SOCIETY has appointed a new senior management team. Mr Derek Roberts, formerly chief executive (designate), becomes chief executive and also a director of the society. He succeeds Mr Dennis Macnaught, who retires as chief executive on September 3 but will remain a director. Four internal appointments have been made at general manager level from September 4. Mr David Anderson becomes general manager (marketing premises), Mr Barry Davies general manager (administration staff), Mr Jim Greenfield general manager (sales) and Mr Robert Jackson general manager (information systems). Each is currently a deputy general manager. Mr Tony Smith remains general manager (finance). Also from September 4 Mr Philip Ireland, currently assistant general manager and secretary, becomes secretary and chief solicitor; and Mr Tony Taylor, at present chief accountant, becomes assistant general manager (finance).

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Mr Roy Haskell has been appointed managing director of W. & L. INSTALLATIONS and succeeds Mr John Lewis who is executive chairman. Joining the board are: Mr Colin MacAskill, Mr Michael Line and Mr Stephen Cox (engineering) and Mrs Eileen Tuck (sec administration).

★

TIL (MEDICAL) has appointed Mr Christopher Cooke as group financial controller and company secretary.

★

Mr Peter Parsons, formerly a director of Kleinwort Benson, has been appointed executive director in charge of UK business in the corporate finance

Mr Derek Roberts, who becomes chief executive of Yorkshire Building Society on September 3

department of DAIWA EUROPE. He is joined as associate director by Mr Richard Jackson, previously an assistant director at Hill Samuel.





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## TECHNOLOGY

# Cutting the cord liberates sales

**Peter Marsh** explains how freeing the kettle from its flex has stimulated an old-fashioned market

BRITAIN'S kettle business is coming to the boil as manufacturers compete over a new type of water heater, which has no direct connection with the electricity supply.

These so-called cordless kettles have in the past year given a boost to electric kettle manufacturing, an activity in which the UK, by dint of its strong tea-drinking tradition, leads the world.

Of the estimated 9m electric kettles made each year worldwide, 4.3m - worth £73m - are sold in the UK. Other important kettle markets are mainly in English-speaking countries such as Canada and Australia.

Sales are extremely low in the US and continental Europe, where there is a strong preference for boiling water in saucepans, a process that wastes energy.

Marketing managers in the industry are monitoring sales of the cordless variety in the UK to see if there is any potential for selling the devices elsewhere.

Britain's two biggest kettle manufacturers - Russell Hobbs Tower, part of Polly Peck, and Swan House Wares, owned by BSR - are keen to increase exports, especially to West Germany and France where the companies believe people need to be educated into increasing their use of electric kettles.

Strictly speaking, the cordless kettle is a misnomer. It requires a base which is plugged into an electricity socket in the normal way. The kettle itself, a jug-shaped container made from plastic, sits on top of the base, which contains a switch mechanism to disconnect the electricity supply when the kettle is lifted off.

Cordless kettles have been on sale since last summer when Tefal, a French kitchen equipment company, introduced a device specially designed for the UK. Since then, the business has hotted up. Sales have quickly climbed to account for 5 per cent of the kettle market, above expectations.

According to Laurence Heyworth, an analyst at Robert Fleming Securities, a London stockbroking firm, cordless kettles "represent a natural progression visible in other areas of home appliances such as telephones in which the device has a perceived independence from the electricity supply."

Dampening some of the hopes for the product, he says he is not sure about its prospects because of the riskiness of introducing new technical ideas in a largely conservative market.

But many of the leading elements in the kettle industry disagree. Companies besides Tefal which have introduced cordless kettles include Philips of the Netherlands and D.H. Haden and Mellerware of Britain, while Swan and Russell Hobbs Tower are expected to unveil their versions soon. The belief is that the new models may stimulate sales in a similar way to an earlier breakthrough, the introduction in the early 1980s of jug-shaped kettles made from plastic.

This product has added a new dimension to the business, rivalling sales of the traditional, squat kettles made from aluminium or stainless steel.

Largely as a result of the march of the jugs, which people have usually bought to replace the old-fashioned variety of container in the hope that they are bringing a modern look to their kitchens, the number of kettles sold annually in Britain has almost doubled from its 1982 level of 2.3m.

In the UK, jugs now account for about two-thirds of all kettles sold and 55 per cent of the market by value. They are normally less expensive than the metal versions, retailing for £12-£18 as opposed to £20 or more for the traditional types.

The innovation in shape was made possible by the introduction of a type of plastic that resists heat. Before that a plastic kettle would quickly have turned into a limp mess as the water boiled. Plastics manufacturers, such as Celanese, Du Pont and General Electric, have improved matters with materials that stay rigid above 100 deg C.

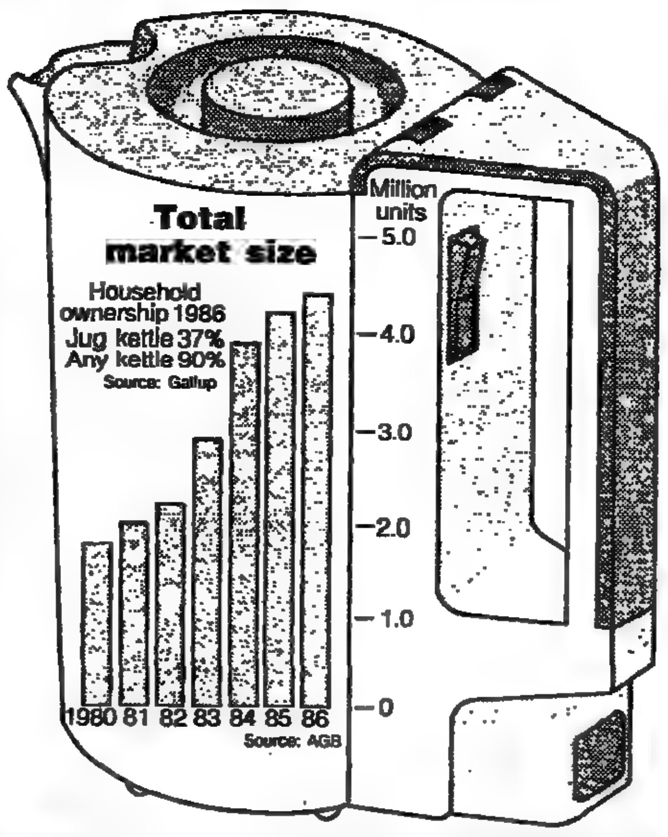
The advent of the jugs, and also of the cordless devices, is, says Nick Friend, marketing manager at Russell Hobbs Tower, an example of the preoccupation in the domestic appliances industry "of finding new ways to sell what is basically the same concept." Friend points out that there are not that many variations on boiling water, though he adds that his company is working on some of them, the developments all being, at the moment, secret.

Sales of the cordless kettle, where manufacturers have shown some technical ingenuity in the design of the base switches, have stirred the industry. D.H. Haden, of Walsall, one of Britain's top three kettle manufacturers, is making up to 1,300 of them a day, roughly a fifth of its total output.

Geoff Sara, finance director, says that within a year sales of the cordless variety could account for up to 20 per cent of the total kettle business in the UK.

Tefal, which Haden followed into the cordless business last November, has been equally pleased. The company expects to sell this year in the UK 200,000 cordless kettles, twice as many as it originally envisaged. Trouble brewed in the spring, however, when Tefal had to recall about 15,000 kettles which had been found to have potentially faulty switches, a problem which the company says has now been solved.

Ian Mackey, marketing services manager for Tefal's UK subsidiary, admits he is surprised at the success of the cordless device. 'A lot of it is due to snob appeal. People like to have something different.'




Mackey argues, however, that the cordless products have real advantages in that people find them easier to use. They may also be safer because of the absence of trailing wires.

Tefal has pitched its product, which sells for about £27, at the top end of the market. It has stopped making lower-priced kettles for the UK.

Swan and Russell Hobbs Tower - which until recently was part of TI, the engineering group, when it operated as two separate companies - has been more cautious about introducing new models.

According to John Brougham, Swan's chairman, his company generally finds it more profitable to follow other concerns into new markets so it can learn from their mistakes. A case in point, he says, was Tefal's problems with its switches. 'Pioneers tend to get arrows up their backsides,' says Brougham.

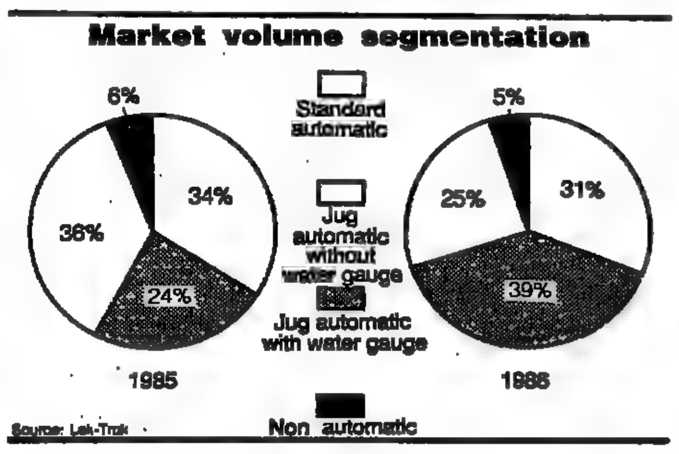
Much of the technical work involving cordless kettles has concentrated on the base switches, small metal pins which connect the jug holding the water to the electricity supply. The pins have to be engineered so that they are triggered by the weight of the container sitting on the plinth. They have safety devices to ensure that electricity only flows when the jug is in place.

The base pins work separately from the heat-sensitive thermostat switches in the kettle body which (in the case of an automatic kettle) turn off the current when the water boils.

Strategies for introducing cordless kettles have varied. In Tefal's case, it employed UK design consultants to work on the new kettles, even though the models are French-made. Haden, which has a strong reputation in the domestic-appliances business for technical ingenuity, has patented its own design for the base switches.

Haden says it originally got the idea for cordless kettles from the US, which in the late 1970s pioneered the concept of cordless irons. These work in a similar way to the kettles, but sales have not taken off so well.

Other kettle companies have turned to Otter Controls, a company in Buxton, Derbyshire, which is Britain's main supplier of the thermostats in standard use in automatic kettles. The company says it has had significant business in helping UK kettle companies to design base switches.





### New bearing on lubrication

THE CONDITION of the bearings in large rotating machinery, like turbines and compressors, can be closely monitored using an instrument from Muirhead Vactric, of Beckenham in the UK.

Designated SDM 100, the machine is based on work at the Marchwood engineering laboratories of the Central Electricity Generating Board. It takes regular samples of the machine's lubricating oil, which are filtered so that the accumulated debris creates a pressure drop across the material. The filter is in strip form and is automatically advanced at intervals to present a clean area.

A microprocessor plots relationships between sample pumping rate and pressure drop and the way the filter patches are changing with time. Major changes will cause an alarm to sound. The samples are fed into a cassette for analysis.

### Recording shock on the move

A NEW transient recorder from Dynamic Test Systems of Ware, Hertfordshire, in the UK, can monitor the severity of mechanical shocks to goods during transportation.

Known as Triad 4, the unit can store the data from more than 1,200 transient shocks, taken from the user's accelerometers over a two-week period. The information is kept in a semiconductor memory and the unit can be programmed in terms of sampling rates and minimum shock levels to acquire thedata that the user needs. Comprehensive 'play back' facilities are provided, including waveform examination.

### A test for the pocket

THE increasing use of very large scale integrated (VLSI) chips is raising the cost of testing modern electronic systems, according to a report from Electronic Trend Publications, the US market research group.

Published in Europe by IPI of Copenhagen, the report, entitled VLSI Automatic Test Equipment, shows that whereas a few years ago the cost of testing was 5 to 10 per cent of the cost of the devices on the printed circuit board, today the figure sometimes exceeds 45 per cent.

The report is basically a users' guide on how to develop test strategies and buy the right testers in order to keep downcosts. The figures speak for themselves. In 1986 about $1.7bn was spent throughout the world on automatic test equipment. It is predicted by the report's authors that by 1992 the world market will reach $3.3bn (£2bn). The report costs $695.

### Welcome message on silent radio

MOTORCYCLE messengers and Londoners alike will welcome the 'silent radio' system jointly launched by Storno, the radio equipment company, and Relcom Communications of Hammersmith, London.

At the moment messengers need to have their radios on loud enough to hear instructions as they ride through the streets. With the new system, only text is sent over the air. If there is a message, the rider sees a small light flashing on the handlebars. After stopping, he can see the message as a scrolling display on a small screen.

Similarly, routine replies from the rider - like 'job accepted' or 'my location is Oxford Street' - are sent silently by using a small keypad. At base, the incoming signals are linked into a computer to allow the controller to monitor the locations of the bikes.

### New dimension for typewriter

RANK XEROX in the UK has launched an office unit called X-laser that allows copy prepared on the company's electronic typewriters to be printed out on a laser printer.

The typewriter magnetic disks containing the copy, and some instructions entered by the typist, are simply plugged into the X-laser unit which is, in turn, connected to the laser printer. The device gives the user access to a variety of type fonts to produce, in effect, typeset results. The laser printer works at about 20 times the speed of the typewriter.

### Public data on failures

A SURVEY of public data network users in Europe during one week in January this year showed that, of the 5,223 calls sampled, 1,532, or 29 per cent, failed in one way or another.

The monitoring week was carried out by EUSDIC, the European Association of Information Services. The highest failure rate was in Spain (47 per cent), the lowest in Norway (17 per cent).

Patrick Gibbins, chairman of EUSDIC, which has more than 200 members throughout Europe, comments: 'We are obviously disappointed at the level of service offered by public networks.' The report is available at £50.

### Management by the book

UNISYS, THE $9bn (£5.5bn) turnover US-based computer group that resulted from the amalgamation of Burroughs and Sperry, has launched a management system for small to medium-sized libraries. It is designed to run on the company's personal computer range.

Written for Unisys by Information Management Engineering, a London software house specialising in library work, the system uses a single database for all the catalogue, circulation, administrative and other information. It can provide data on books, library users, reservations, orders and indexes. Thousands of books and users can be handled and searches carried out quickly. Functions can be performed with a few, easily learnt keystrokes, says the company.

CONTACTS: Murhead Vactric: London, 650 4888. Dynamic Test Systems: UK, 0920 821095. IPI: Denmark, 2 632044. Relcom Communications: London, 741 8681. Rank Xerox: UK, 0628 890000. EUSDIC: London, 253 1177. Unisys: London office 965 0511.

# COMMODITIES AND AGRICULTURE

## Rhizomania found in Suffolk beet crop

By David Blackwell

RHIZOMANIA, a serious viral disease which hits the yield of sugar beet, has been discovered on a farm in Suffolk—the first time the disease has been found in a UK crop.

The Ministry of Agriculture has put the farm under strict quarantine, and said that "strong measures will be taken to eradicate it." The incident did not mean that rhizomania had become established here, it said, adding that its campaign to combat the disease remains firmly in force.

The National Farmers' Union believes that if the disease does spread from the outbreak, the consequences for sugar beet growers and for UK processors will be disastrous.

Rhizomania — or root madness — reduces both the yield of a sugar beet crop and its sugar content, and also affects other beet crops. There is no known cure, and scientists have been concentrating their efforts on producing varieties of seed more resistant to the disease.

It has been widespread on the continent in recent years, and since 1984 the Ministry of Agriculture has put import controls on beet seeds and plants. The Ministry has also required all imported seed potatoes to come from areas clear of the disease, and all second-hand agricultural machinery to be washed before it is allowed into the UK.

The NFU, however, said yesterday that it was clear the Ministry's approach to keep the disease out of the country had "just not worked."

"We have repeatedly warned that Ministry actions to prevent the arrival of the disease on UK shores were inadequate," said Mr David Naish, NFU deputy president, "and regrettably we have been proved right."

The NFU wants the Ministry to insist that all soil-carrying imports, such as vegetables, which can carry the virus to the UK, are washed in the country of origin before shipment.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Changes during weekend ended last Friday)
(tonnes)

| | | |
|---|---|---|
| Aluminium standard | + 6,225 to | 89,750 |
| high grade | +14,350 to | 34,200 |
| Copper | + 3,750 to | 109,125 |
| Lead | − 2,350 to | 22,350 |
| Nickel | − 1,308 to | 3,372 |
| Tin | − 555 to | 22,515 |
| Zinc | + 75 to | 29,280 |
| (ounces) | | |
| Silver | unchanged at | 20,014,000 |

## Drooping prices spark off Spanish sunflower war

BY DAVID WHITE IN MADRID

HOLIDAY MOTORISTS in the Seville region of Spain can expect to run into the "sunflower war" today as farmers resume a two-week-old campaign to force their Government and the EC to prop up drooping seed prices.

Last week hundreds of protesters took to main roads in protest against the prices being paid by the oil-extracting industry, which have fallen by a third since last year.

Talks last Wednesday between Madrid agriculture officials, farmers' organisations and representatives of the main processing companies broke down without agreement.

Intervention buying would save the day for the farmers since the price set by the EC works out at Pta 57.5 (28p) per kilo, compared with the basic price of Pta 45 per kilo they have been receiving this year. But, under the Community's July farm price agreement, the starting-date was set for October 1. Much of the harvest in southern Spain is by now already in.

The factors that have combined to spark off the conflict are the existence of oil surpluses left over from last year, weak oil prices, the anxiety of processors to recover margins, strong crop forecasts and, above all, southern Spain's early harvest.

The Government has promised to try to bring forward the EC intervention date, which is geared to a late September harvest such as France's.

Its offer to make grain silos available for the temporary storage of seed until the support price took effect was rejected by growers because of the onerous financial charges involved.

Mr Carlos Romero, the Agriculture Minister, is now in the line of fire because of alleged lack of foresight.

Spain's sunflower sector has grown apace in recent years, covering large areas of the south as well as Castile and Aragon, mostly in dryland regions as a substitute for cereals but also in irrigated zones.

The equilibrium of the market was upset last year, a black year for processors because their selling prices failed to match a sharp rise in the cost of seed, averaging about Pta 71 per kilo.

Because of widespread drought, production of sunflower seed was forecast at only 800,000 tonnes compared with 920,000 tonnes the previous year, and extra imports of other seed-oils were authorised in a bid to ease the pressure on consumer prices. The final harvest was, however, somewhat higher at around 850,000 tonnes.

This resulted in a surplus of sunflower-seed oil estimated in the industry at 50,000 tonnes. Consumption, which takes second place to olive oil in the Spanish market, was slightly down at 256,000 tonnes.

The current crop is forecast at as much as 1m tonnes of seed, enough to produce 400,000 tonnes of oil and a further surplus of perhaps 100,000 tonnes. Industry representatives say Spain needs to export this quantity by the end of the year in order to solve the problem.

They say they are not prepared to go beyond the Pta 45 per kilo level — or Pta 48 per kilo under certain conditions — unless prices for oil also rise. Farmers claim that, as a result of their threat to withhold supplies at these prices, the processors have begun to break ranks. Processors, by contrast, say that the threat has proved an empty one and that they have been receiving increased quantities.

## US and Canada in potash deal

BY DAVID OWEN IN TORONTO

THE Saskatchewan potash industry is up in arms following a US Commerce Department preliminary ruling that duties of up to 85.2 per cent should be imposed against producers in the heavily resource-dependent Canadian province.

US producers, who alleged that Canadian exporters were guilty of dumping by selling potash at below production cost, had originally sought a 43 per cent duty.

The preliminary ruling imposes duties against the five major Saskatchewan potash producers ranging from 9.14 per cent against International Minerals and Chemicals Corporation to 85.2 per cent against Central Canada Potash.

According to Saskatchewan trade minister, Mr Bob Andrew, any producer slapped with above 35 per cent duty "would not be able to compete in the US market".

Saskatchewan, which produces some 40 per cent of the world's potash, sells about 60 per cent of its output valued at US$340m to the US market.

The industry employs around 3,600 people in the province and last year produced C$35m in local government royalties.

A final Commerce Department ruling on the duties is due by November 3. If the final decision favours the US producers, the case will go to the US International Trade Commission for a ruling by December 18.

## Sri Lanka tea outlook brighter

BY MERVYN DE SILVA IN COLOMBO

THE SRI LANKA tea trade is expecting better market conditions in the second half of the year. Total 1987 output is unlikely to match last year's but demand is likely to be given a boost by a change in Pakistan's buying policy.

A Sri Lankan delegation led by the Deputy Minister of Finance held talks last week in Pakistan to improve bilateral trade. Tea is Sri Lanka's main export to Pakistan, which until the early 1980s was the biggest buyer of Sri Lankan teas.

In recent years, however, Sri Lanka's market share has been eroded by increasing purchases of cheaper Kenyan tea by the Pakistani private sector. Pakistani purchases of Sri Lankan tea dropped to 14.1m kg in 1986 from 23m in 1981.

Two factors have prompted the Pakistani Government to seek to reverse this trend.

The first was its concern at the growing trade imbalance in favour of Kenya, and irritation at that country's failure to respond to its calls for that situation to be corrected.

The second was the close political relationship built up between Sri Lanka and Pakistan through the two countries' co-operation in the fight against Indian-backed Tamil separatists and Sri Lanka's support for Pakistan over the sensitive issues of Afghanistan and Kashmir.

These factors encouraged Pakistan's recent change of policy, under which the private sector is restricted to a 30 per cent share of the country's tea purchases.

Pakistan has been a conspicuous absentee from the Colombo tea auctions this year but, although the trade delegation has not yet returned, a senior finance ministry official says that Pakistan is likely to increase its tea purchases to 20m kg.

Demand at the Colombo auctions remains strong, meanwhile. The Soviet Union's reappearance after an absence of seven weeks and the improvement in quality have helped to boost the average price to above Rs 40 (87p) per kg.

## New Zealand's willing victims

FARMER'S VIEWPOINT
By John Cherrington

LAST WEEK I met Mr Peter Elworthy—an old friend and a man with a mission. A member of an old-established family of New Zealand's Canterbury settlers, he is an innovative farmer with sheep, cattle and deer on a large acreage in South Canterbury—and he has just finished a three-year term as president of New Zealand's Federated Farmers, the equivalent of Britain's National Farmer's Union.

Like most New Zealand farmers he has been hit by the Lange Governmen't removal of all subsidies from the farming sector, a move which would certainly have incurred the wrath of farmers' leaders anywhere else in the world. But Mr Elworthy accepted it with good grace.

The subsidies, which were quite modest by EC and US standards, had been instituted about ten years ago in response to increasing protectionism and subsidised competition on the world market, which were steadily reducing the country's export earnings. They were aimed at increasing output of meat, wool and dairy products and took the form of deficiency payments and interest subsidies.

It must be said that introduction of subsidies met with the disapproval of established farmers, who had prided themselves on their unsubsidised production. But they did not refuse the advantages once they were offered.

The subsidies caused a marked rise in prices of land and breeding stock as many of the younger farmers took advantage of cheap loans to set up in business—in fact many saw expansion as their patriotic duty.

Within a few months of coming into power in 1984 Mr Lange's Labour Government had halved prices received by farmers and doubled interest rates. As a sop to farmers the NZ dollar was floated in March 1985—with the assurance that this would lead to much higher prices in local currency terms.

I was in New Zealand at the time and could not understand how shrewd and sensible men, which most of New Zealand's farmers undoubtedly are, could have fallen for that one.

"Suppose," I said to Peter, "the (NZ) dollar remains fairly strong, in spite of a poor balance of trade figure and so on."

Such doubts were deemed hardly worthy of refutation by orthodox observers, but in fact the dollar has remained surprisingly firm and the New Zealand financial sector has done extraordinarily well. Most farmers, however, have done very badly indeed.

Some have seen their financial situations deteriorate to an appalling degree, with their net equities all but wiped out, while those who had no debt to speak of have only to survive by delaying maintenance and fertiliser application. On the other hand any fortunate enough to have substantial savings have benefited from the buoyant stock market and from interest rates which would warm the heart of any Shylock.

At the time the new policy was initiated the Government was also proposing to remove protection from much of local industry and to reduce import tariffs, but somehow that has not happened to the same extent.

If the leaders of any of the EC farmers organisations had taken the line of Mr Elworthy and his colleagues they would have been torn limb from limb. The draconian treatment New Zealand farmers have received may have been unavoidable in the political circumstances of the time, but to accept it with hardly a word of protest seemed to me at the time gratuitous masochism.

But then Mr Elworthy and those who think like him have a cause in which they believe with an almost fanatical sincerity.

In their analysis of what is wrong with the world's food commodity markets they blame the subsidisation of farming in the rest of the world, which first of all causes surpluses and then drives countries to subsidise exports into markets which New Zealand and other primary producing countries used to think of as their own.

They cannot understand how it is that taxpayers in the EC, the US and elsewhere have allowed their governments to spend so much money supporting farmers while at the same time denying these same taxpayers the chance of eating cheap produce from New Zealand and elsewhere.

They claim that the New Zealand climate is so congenial to pastoral farming that they are the cheapest producers of meat and dairy produce in the world—farmers in other countries, such as Canada and Australia, claim the same advantages for grain. The New Zealanders are convinced that the logic of the situation will soon dawn worldwide and that commodity markets will once again reflect supply and demand without the present distortions.

When that day arrives, the argument continues, the hardships that New Zealand farmers have been undergoing will have been proved worthwhile because thanks to their cost structure, probably the lowest in the world, they will be able to beat all the competition from which ever source.

I would agree whole-heartedly with the low cost argument. New Zealand's dairy farmers are receiving about 25 per cent of the UK milk price and its sheep farmers about a third of the UK lamb price. But for how long can these sort of prices remain viable when economic survival is dependent on spending virtually nothing on maintenance and fertilisers? Experience elsewhere shows that once these essential inputs are cut back there is a gradual reduction in output which accelerates as the last fertiliser dressing recedes further into the past.

Mr Elworthy and his counterparts in other primary producing countries have been propagating their brand of agricultural economics at farmers' forums and he is trying to interest UK farmers in them this week during visits to farms in Wales, where both dairy and sheep farmers are under considerable stress.

I respect his courage as a farmers' leader in the line he has taken, but I wonder if he recognises the power of the European farm lobby and its influence on member governments, together with that of the protectionism rampant almost everywhere else in the world.

It is difficult at this time to see any other government following New Zealand's example in the near or even the distant future.

It seems to me that both the New Zealand Government and Mr Elworthy were premature in the actions they took three years ago. New Zealand still has foreign debt amounting to 70 per cent of gross domestic product and a large current account deficit on the balance of payments. With farm exports still accounting for 60 per cent of national earnings some encouragement of farm production would have been helpful to redress the balance.

## LONDON MARKETS

COPPER PRICES on the London Metal Exchange extended last week's sharp fall to reach the lowest levels for more than five weeks. As weakness in the New York market encouraged sellers London prices were pushed below chart support levels, traders said. Aluminium prices also came under pressure, although they closed above the lows reached in the middle of the afternoon session. Early falls reflected copper's weakness but further downward pressure was provided by the announcement of sharp rises in LME stocks last week, especially for high grade metal. An upturn in sterling's value against the dollar was quoted as a leading factor in the nickel market's weakness, and the situation was compounded by stop-loss selling after the three month's price dropped below a chart support level in mid-afternoon. By way of contrast cocoa and coffee prices were somewhat firmer. A surge in the New York prices helped to boost coffee futures while short-covering following last week's fall two following last week's fall to two-month lows lifted cocoa. London's automated white sugar contract, the market's newest and fastest-growing baby, reached another landmark yesterday with turnover topping 4,000 lots (50 tonnes each) for the first time.

LME prices supplied by Amalgamated Metal Trading.

### ALUMINIUM

| 99.7% purity | Unofficial close (p.m.) $ per tonne | + or − | High/Low |
|---|---|---|---|
| Cash | — | — | — |
| 3 months | 1700-10 | −47.5 | 1705/1695 |

Official closing (am): Cash —— (——); three months 1695-705 (1755-70); settlement —— (——). Final Kerb Close: 1700-10. Ring turnover: [illegible]

### SILVER

### COPPER

### COFFEE

### LEAD

### COCOA

### NICKEL

### ZINC

### FREIGHT FUTURES

LONDON METAL EXCHANGE TRADED OPTIONS

### GRAINS

### TIN

### GOLD

## INDICES

REUTERS

DOW JONES

## MAIN PRICE CHANGES

## US MARKETS

RUMOURS of military action in the Gulf spurred a recovery in crude oil futures following early declines on trade selling which elected commission house sell stops, reports Drexel Burnham Lambert. Trade buying at the lowsp rompted short-covering to pare losses, but the market remained choppy in good volume. The precious metals, too, reacted to the situation in the Gulf with general short-covering steady ing the markets futrher after local trade and commission house buying. Platinum led the way, steadying early in response to the continuing strike in South Africa, but profittaking and trade selling was noted, which tended to put a lid on the advances. Copper reacted to Friday's sell-off with trade buying, short-covering and general fresh buying emerging to steady the market. Sugar fell on early commission house selling

### NEW YORK

ALUMINIUM 40,000 lb. cents/lb

| | Close | Prev | High | Low |
|---|---|---|---|---|
| August | 79.50 | 81.50 | — | — |
| Sept | 79.50 | 81.50 | 78.50 | 78.50 |
| Oct | 78.35 | 80.35 | — | — |
| Dec | 78.00 | 79.50 | 77.50 | 77.50 |
| Jan | 77.05 | 78.55 | — | — |
| March | 75.50 | 76.60 | — | — |
| May | 71.40 | 72.90 | — | — |

COCOA 10 tonnes, $/tonnes

### CHICAGO

### POTATOES

### SUGAR

### OIL

### RUBBER

### SOYABEAN MEAL

### GAS OIL FUTURES

### TEA

### COTTON

# CURRENCIES, MONEY AND CAPITAL MARKETS



FOREIGN EXCHANGES

## Bank of Japan supports dollar

THE DOLLAR was slightly weaker at the London close, after a nervous day when fear of central bank intervention prevented any sharp decline, and figures on US personal income and consumption had no impact.

The Bank of Japan intervened heavily in Tokyo to support the dollar, but with the yen remaining in the spotlight, there was little reason for European central banks to become involved.

The West German Bundesbank stayed out of the market, and although Japanese officials encouraged the idea of co-ordinated intervention involving the Federal Reserve, dealers suggested the US central bank was unlikely to go too far down this path.

They added Mr Alan Greenspan, recently appointed chairman of the Federal Reserve Board, would not make any move likely to bring criticism so early in his term of office, and doubted whether the Federal Open Market Committee agreed to any tightening of monetary policy earlier this month.

Congress meets early next month, and after the very bad US trade figures for June, there will be increased pressure for trade protection measures and encouragement of a further weakening of the dollar to correct the US balance of payments deficit.

Rumours were denied in Tokyo that the Japanese Trade Ministry was to ask for voluntary restraints in the volume of exports abroad, in an effort to ease trade frictions.

The dollar fell at the London close to Y141.95 from Y142.70; to DM 1.8160 from DM 1.8180; to FFr 6.0725 from FFr 6.0775; and to SFr 1.4985 from SFr 1.5045.

On Bank of England figures the dollar's index declined to 101.1 from 101.3.

STERLING—Trading range against the dollar in 1987 is 1.6885 to 1.4710. July average 1.6096. Exchange rate index rose 0.1 to 72.7, compared with 69.9 six months ago.

Sterling was generally firm, but finished below its best levels of the day. Weaker oil prices encouraged caution, and the pound remained on the sidelines, having weathered this month's economic news without major problems, and now awaiting the July trade figures next Tuesday.

Sterling rose 20 points to $1.6305-1.6315. It also improved to DM 2.9625 from DM 2.96 and to FFr 9.9050 from FFr 9.90, but fell to SFr 2.44 from SFr 2.45 and to Y231.50 from Y232.50.

D-MARK—Trading range against the dollar in 1987 is 1.9395 to 1.7690. July average 1.8480. Exchange rate index 146.6 against 147.9 six months ago.

The D-Mark was only a little firmer against the dollar in Frankfurt, in spite of the lack of intervention by the West German Bundesbank, after heavy support for the US currency earlier in Tokyo by the Bank of Japan.

The Bundesbank was not seen on the open market and did not intervene when the dollar was fixed at DM 1.8238 in Frankfurt, compared with DM 1.8283 on Friday. This was the lowest fixing level since July 1.

The dollar closed at a 10-week low of DM 1.81575 in Frankfurt, against DM 1.8190 before the weekend.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. July average 150.25. Exchange rate index 224.3 against 209.8 six months ago.

The yen finished below its peak in Tokyo, after heavy intervention to support the dollar by the Bank of Japan, estimated at $500m.

The first intervention was in early trading when the dollar threatened to fall below Y141 and there was further official buying in the afternoon, pushing the dollar up to a peak of Y142.80, before it closed at Y142.65.

It was suggested in the market that the Bank of Japan seemed determined to prevent the dollar plunging down to Y140.

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu central rates | Currency amounts against Ecu Aug. 24 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 42.4582 | 43.0719 | +1.45 | +0.81 | ±1.5344 |
| Danish Krone | 7.85212 | 7.97969 | +1.62 | +0.98 | ±1.6404 |
| German D-Mark | 2.05853 | 2.07241 | +0.67 | +0.03 | ±1.0981 |
| French Franc | 6.90403 | 6.92813 | +0.35 | −0.29 | ±1.3674 |
| Dutch Guilder | 2.31943 | 2.33596 | +0.71 | +0.07 | ±1.5012 |
| Irish Punt | 0.768411 | 0.774768 | +0.83 | +0.19 | ±1.6684 |
| Italian Lira | 1483.58 | 1500.85 | +1.16 | +1.10 | ±4.0752 |

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### POUND SPOT—FORWARD AGAINST THE POUND

| August 24 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.6260-1.6350 | 1.6305-1.6315 | 0.45-0.42c pm | 3.20 | 1.31-1.26 pm | 3.15 |
| Canada | 2.1510-2.1610 | 2.1570-2.1580 | 0.23-0.13c pm | 1.00 | 0.62-0.50 pm | 1.04 |
| Netherlands | 3.33¼-3.34¼ | 3.33¼-3.34¼ | 1½-1¼c pm | 4.94 | 4⅛-3⅞c pm | 4.87 |
| Belgium | 61.50-61.75 | 61.55-61.65 | 22-15c pm | 3.60 | 61-50 pm | 3.60 |
| Denmark | 11.40¼-11.43¼ | 11.41½-11.42½ | par-¾ ore dis | −0.39 | ⅜-1⅛ dis | 0.26 |
| Ireland | 1.1080-1.1110 | 1.1085-1.1095 | 0.06dis-par | 0.32 | 0.14-0.04pm | 0.32 |
| W. Germany | 2.95¾-2.97 | 2.95¾-2.96¾ | 1¾-1⅝pf pm | 6.59 | 4⅝-4½ pm | 6.25 |
| Portugal | 232.30-233.80 | 233.20-233.30 | 66-116 c dis | −4.68 | 242-324 dis | −4.85 |
| Spain | 198.80-199.70 | 199.25-199.35 | 86-118c dis | −6.14 | 197-246 dis | −4.45 |
| Italy | 2146¾-2151½ | 2146¾-2147¾ | 7-11lire dis | −5.03 | 18-22dis | −3.73 |
| Norway | 10.87¼-10.92¼ | 10.89½-10.90½ | 3⅝-4⅛ore dis | −4.33 | 10⅛-11 dis | −3.73 |
| France | 9.90-9.93 | 9.90-9.91 | 1⅞-1⅝c pm | 2.12 | 4⅝-3½pm | 1.59 |
| Sweden | 10.37¼-10.40½ | 10.38-10.39 | ⅜-⅛ ore pm | 0.72 | 1⅞-1¼ pm | 0.60 |
| Japan | 231-232¼ | 231-232 | 1⅜-1⅛ y pm | 6.48 | 3¾-3½ pm | 6.26 |
| Austria | 20.81-20.84 | 20.81-20.84 | 10¾-9⅞ gro pm | 5.94 | 30⅞-28¾ pm | 5.73 |
| Switzerland | 2.43½-2.45¼ | 2.43½-2.44½ | 1⅝-1¼ c pm | 7.07 | 4⅛-3⅞ pm | 6.56 |

Belgian rate is for convertible francs. Financial franc 61.95-62.05. Six-month forward dollar 2.53-2.48 c pm. 12-month 4.40-4.30 c pm.

### DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

| Aug. 24 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.6260-1.6350 | 1.6305-1.6315 | 0.45-0.42c pm | 3.20 | 1.31-1.26 pm | 3.15 |
| Ireland† | 1.4645-1.4730 | 1.4720-1.4730 | 0.28-0.23c pm | 2.09 | 0.95-0.83 pm | 2.47 |
| Canada | 1.3200-1.3255 | 1.3210-1.3220 | 0.23-0.26c pm | −2.22 | 0.69-0.72pm | −2.13 |
| Netherlands | 2.0450-2.0570 | 2.0465-2.0475 | 0.31-0.28c pm | 1.72 | 0.90-0.86pm | 1.71 |
| Belgium | 37.70-37.95 | 37.70-37.80 | 3pm-par | 0.48 | 7-2pm | 0.48 |
| Denmark | 6.98½-7.02¾ | 7.00-7.00½ | 1.15-1.65ore dis | −2.56 | 4.60-5.30 dis | −2.82 |
| W. Germany | 1.8125-1.8255 | 1.8155-1.8165 | 0.50-0.47pf pm | 3.19 | 1.44-1.39pm | 3.10 |
| Portugal | 142¼-143 | 142¾-143 | 65-115c dis | −8.38 | 260-310 dis | −7.96 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 37.95-38.05.

£ IN NEW YORK

STERLING INDEX

CURRENCY RATES

CURRENCY MOVEMENTS

EURO-CURRENCY INTEREST RATES

Long-term Eurodollars: Two years 8⅝-8½ per cent; three years 8⅞-8¾ per cent; four years 9⅛-9 per cent; five years 9⅜-9¼ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

| | | |
|---|---|---|
| Kuwait | 0.45950-0.45990 | 0.28110-0.28130 |
| Luxembourg | 61.55-61.65 | 37.70-37.80 |
| Malaysia | 4.1185-4.1245 | 2.5205-2.5220 |
| Mexico | 2400.35-2405.05 | 1469.00-1472.00 |
| N. Zealand | 2.6970-2.7020 | 1.6540-1.6560 |
| Saudi Ar. | 6.1275-6.1320 | 3.7500-3.7505 |
| Singapore | 3.4395-3.4445 | 2.1055-2.1065 |
| S. Af. (Cm) | 3.3420-3.3580 | 2.0515-2.0555 |
| S. Af. (Fn) | 5.6685-5.8730 | 3.4780-3.6035 |
| Taiwan | 49.10-49.35 | 30.05-30.15 |
| U.A.E. | 6.0005-6.0065 | 3.6725-3.6735 |

*Selling rate

EXCHANGE CROSS RATES

| | | | | | | |
|---|---|---|---|---|---|---|
| DM | 0.338 | 0.551 | 1. | 12.80 | 78.14 | 3.343 |
| YEN | 4.320 | 7.045 | 12.80 | 1000. | 42.79 | |
| F Fr. | 1.010 | 1.647 | 2.991 | 233.7 | 10. | |
| S Fr. | 0.410 | 0.668 | 1.214 | 94.88 | 4.059 | 1. |
| H Fl. | 0.300 | 0.489 | 0.888 | 69.35 | 2.968 | |
| Lira | 0.466 | 0.760 | 1.380 | 107.8 | 4.613 | |
| C $ | 0.463 | 0.756 | 1.373 | 107.3 | 4.591 | |
| B Fr. | 1.623 | 2.648 | 4.809 | 375.8 | 16.08 | |

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

## Gilts cautiously firmer

LONG GILT prices finished stronger in the London International Financial Futures Exchange yesterday. Trading volume was relatively subdued as investors took a more cautious view ahead of the release of important economic data next week.

Short covering pushed prices firmer in the morning as dealers covered positions on reduced hopes of another rise in base rates after last week's disappointing money supply figures.

The September price opened at 114-11 up from 114-02 on Friday after suggestions that the authorities were keen to ensure that the recent rise in base rates would be seen as adequate to offset market reaction to poor bank lending figures. The contract touched a high of 114-30 before coming back to close at 114-20.

Three-month sterling deposits were confined to a narrow range. Cash rates were steady and there seemed to be little incentive to move ahead of the long weekend and next week's UK trade figures and the complete analysis of July's banking figures.

On balance the undertone remained a little bearish despite several encouraging underlying economic factors. Three-month sterling deposits for December delivery attracted most volume, opening at 89.51, which proved to be the day's low and touching a high of 89.60 before closing at 89.58.

US Treasury bonds also traded within a narrow range. The dollar's weaker trend appeared to have a bearish effect which was offset to some extent by another fall in oil prices. A smaller than expected rise of 0.2 per cent in US consumer prices in July appeared to have little effect. A 0.4 per cent rise in US personal income also had little effect.

Japanese Government bond futures were quietly firmer, reflecting a continued mark down in oil prices. The latter touched a four month low yesterday and the December bond price rose to 106.00 from 105.50.

LIFFE LONG GILT FUTURES OPTIONS

| Strike Price | Calls—Last Sept | Calls—Last Dec | Puts—Last Sept | Puts—Last Dec |
|---|---|---|---|---|
| 116 | 2.00 | 2.63 | 3.14 | 4.07 |
| 118 | 1.18 | 2.13 | 4.32 | 5.21 |
| 120 | 0.50 | 1.37 | 6.00 | 6.45 |
| 122 | 0.29 | — | 7.43 | — |
| 124 | 0.16 | — | 9.30 | — |
| 126 | 0.09 | — | 11.23 | — |
| 128 | 0.05 | — | 13.19 | — |
| 130 | 0.02 | — | 15.16 | — |

Estimated volume total, Calls 452 Puts 2,551
Previous day's open int: Calls 13,485 Puts 9,497

LIFFE US TREASURY BOND FUTURES OPTIONS

| Strike Price | Calls—Last Sept | Calls—Last Dec | Puts—Last Sept | Puts—Last Dec |
|---|---|---|---|---|
| 80 | 8.25 | 0.00 | 0.07 | 0.00 |
| 82 | 6.36 | 6.17 | 0.18 | 0.47 |
| 84 | 4.57 | 4.51 | 0.39 | 1.17 |
| 86 | 3.28 | 3.34 | 1.10 | 2.00 |
| 88 | 2.10 | 2.32 | 1.56 | 2.62 |
| 90 | 1.10 | 1.44 | 2.56 | 4.10 |
| 92 | 0.39 | 1.06 | 4.21 | 5.36 |
| 94 | 0.18 | 0.44 | 6.00 | 7.10 |

Estimated volume total, Calls 40 Puts 50
Previous day's open int: Calls 265 Puts 269

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

| Strike Price | Calls-Last Aug. | Calls-Last Sept. | Puts-Last Aug. | Puts-Last Sept. |
|---|---|---|---|---|
| 22250 | 5.75 | 10.95 | 5.15 | 5.85 |
| 22500 | 4.58 | 9.56 | 6.48 | 6.96 |
| 22750 | 3.58 | 8.29 | 7.98 | 8.19 |
| 23000 | 2.76 | 7.14 | 9.66 | 9.54 |
| 23250 | 2.08 | 6.11 | 11.48 | 11.01 |
| 23500 | 1.55 | 5.19 | 13.45 | 12.59 |
| 23750 | 1.13 | 4.38 | 15.53 | 14.28 |
| 24000 | 0.81 | 3.67 | 17.71 | 16.07 |

Estimated volume total, Calls 19 Puts 11
Previous day's open int: Calls 269 Puts 170

LIFFE £/$ OPTIONS

LONDON SE £/$ OPTIONS

PHILADELPHIA SE £/$ OPTIONS

LIFFE—EURODOLLAR OPTIONS

LONDON

CHICAGO

SWISS FRANC (IMM) SFr 125,000 $ per SFr

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Sep. | 0.6691 | 0.6692 | 0.6655 | 0.6670 |
| Dec. | 0.6749 | 0.6749 | 0.6712 | 0.6728 |
| Mar. | 0.6810 | 0.6810 | 0.6778 | 0.6788 |
| June | — | — | — | 0.6848 |

STANDARD & POORS 500 INDEX $500 times index

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Sept. | 333.30 | 336.85 | 332.50 | 336.00 |
| Dec. | 336.25 | 339.50 | 335.40 | 338.85 |
| Mar. | (—) | 342.30 | 338.20 | 341.60 |
| June | (—) | 345.10 | 341.00 | 344.40 |

MONEY MARKETS

## UK rates show little change

INTEREST RATES showed little overall change in London yesterday. Sentiment remained bearish because the market was looking for bad news and tending to ignore any encouraging economic data.

There seemed to be little prospect of much change ahead of the long weekend and next wee's break down on banking figures. Next week also sees the release of July trade figures and while there appeared to be little pressre at the moment on interest rates, traders were a little wary lest the authorities should create a precedent by raising rates in advance of any bad news.

**UK clearing bank base lending rate 10 per cent since August 7**

Three-month interbank money was quoted at 10¼-10⅛ per cent unchanged from Friday. Overnight money opened at 10-9¾ per cent and rose to 11½ per cent before easing to 9 per cent. Late balances were taken at 10 per cent.

The Bank of England forecast a shortage of around £550m with factors affecting the market including the repayment of any late assistance and bills maturing in official bands together with a take up of Treasury bills draining £1,091m. These were partly offset by Exchequer transcations which added £85m and bank's balances brought forward £85m above target. There was also a fall in th note circulation of £370m.

The forecast was revised to a shortage of around £650m and the Bank gave assistance in the morning of £23m through outright purchases of £10m of eligible bank bills in band 1 and £13m in band 2 all at 9⅞ per cent. Further help in the afternoon came to £390m and was made up of outright purchases of £25m of Treasury bills and £350m of eligible bank bills in band 1 and £15m of local authority bills in band 2 all at 9⅞ per cent. Late assistance came to £205m, making a total of £618m.

Frankfurt the Bundesbank announced a 15-day sale and repurchase tender at a fixed rate of 3.6 per cent. Applications were due in yesterday with successful applicants receiving funds today.

The facility marked a novel departure from the Bundesbank's normal practice of offering funds in the first three weeks of the month. Consequently there were no agreements maturing this week and dealers also pointed out the relatively short maturity period. Before the announcement call money had been quoted at 4.00 per cent up from 3.75 per cent on Friday.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES



## £ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on August 24, 1987. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

*Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate.*

| COUNTRY | CURRENCY | VALUE OF £ STERLING |
|---|---|---|
| Afghanistan | Afghani | 99.25 |
| Albania | Lek | 10.4645 |
| Algeria | Dinar | 7.6004 |
| Andorra | French Franc | 9.905 |
| | Spanish Peseta | 199.30 |
| Angola | Kwanza | 48.8095 |
| Antigua | E. Caribbean $ | 4.3943 |
| Argentina | Austral | 3.5420 |
| Aruba | Florin | 2.9358 |
| Australia | Australian $ | 2.2790 |
| Austria | Schilling | 20.825 |
| [illegible] | [illegible] | [illegible] |
| Equatorial Guinea | C.F.A. Franc | 495.25 |
| Ethiopia | Ethiopian Birr | 3.3525 |
| Falkland Islands | Falkland Isles £ | 1.0 |
| Faroe Islands | Danish Kroner | 11.42 |
| Fiji Islands | Fiji $ | 2.1070 |
| Finland | Markka | 7.1968 |
| France | Franc | 9.905 |
| French C'ty in Africa | C.F.A. Franc | 495.25 |
| French Guiana | Local Franc | 9.905 |
| French Pacific Islands | C.F.P. Franc | 179.00 |
| Gabon | C.F.A. Franc | 495.25 |
| Gambia | Dalasi | 12.1086 |
| Germany (East) | Ostmark | 2.9625 |
| Germany (West) | Deutsche Mark | 2.9625 |
| Ghana | Cedi | 266.9920 |
| Gibraltar | Gibraltar £ | 1.0 |
| Greece | Drachma | 225.725 |
| Greenland | Danish Krone | 11.42 |
| Grenada | E. Caribbean $ | 4.3943 |
| Guadaloupe | Local Franc | 9.905 |
| Guam | U.S. $ | 1.6310 |
| Guatemala | Quetzal | 1.6310 / (F) 4.4519 |
| Guinea | Franc | 553.35 |
| Guinea-Bissau | Peso | 1057.88 |
| [illegible] | [illegible] | [illegible] |
| Morocco | Dirham | 13.52 (sg) |
| Mozambique | Metical | 657.51 |
| Namibia | S.A. Rand | 3.3500 |
| Nauru Islands | Australian $ | 2.2790 |
| Nepal | Nepalese Rupee | 34.1775 |
| Netherlands | Guilder | 3.3375 |
| Netherland Antilles | Antilian Guilder | 2.940 |
| New Zealand | N.Z. $ | 2.6995 |
| Nicaragua | Cordoba | 3270.40 |
| Niger Republic | C.F.A. Franc | 495.25 |
| Nigeria | Naira | 6.5868 |
| Norway | Norwegian Krone | 10.90 |
| Oman Sultanate of | Rial Omani | 0.6265 |
| Pakistan | Pakistan Rupee | 28.00 |
| Panama | Balboa | 1.6310 |
| Papua New Guinea | Kina | 1.4595 |
| Paraguay | Guarani | 523.26 / 1312.25 |
| Peru | Intl | (exc(o)25.98 / 32.52 / 47.29 / 60.58 |
| Philippines | Philippine Peso | 32.50 |
| Pitcairn Islands | £ Sterling | — |
| | New Zealand $ | 2.6995 |
| [illegible] | [illegible] | [illegible] |
| Vanuatu | Vatu | 177 |
| Vatican | Italian Lira | 2147.25 |
| Venezuela | Bolivar | (4) 7.010 / (5) 12.230 / (6) 49.10 |
| Vietnam | Dong | (o) 130.20 |
| Virgin Islands U.S. | U.S. $ | 1.6310 |
| Western Samoa | Tala | (A) 3.3894 |
| Yemen (North) | Ryal | (A) 16.65 |
| Yemen (South) | S. Yemen Dinar | 0.5582 |
| Yugoslavia | New Y. Dinar | 1216.86 |
| Zaire Republic | Zaire | 195.1661 |
| Zambia | Kwacha | 12.50 |
| Zimbabwe | Zimbabwe $ | 2.7175 |

Rate in the transfer market (controlled). ‡‡ Now one official rate. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for Public Sector Debt and Essential Imports. (5) Preferential rate. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate. (9) Banknote rate. (10) Rate for exports. (14) Nearly all business transactions. (15) Nigeria, Auction price for dollar N/A. (16) Bolivia, New Currency Introduced (Boliviano, worth 1m Pesos) Jan 1 1987.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS | MONDAY AUGUST 24 1987 | | | | | FRIDAY AUGUST 21 1987 | | | DOLLAR INDEX | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Figures in parentheses show number of stocks per grouping | US Dollar Index | Day's Change % | Pound Sterling Index | Local Currency Index | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Local Currency Index | 1987 High | 1987 Low | Year ago (approx) |
| Australia (93) | 157.20 | +0.0 | 142.90 | 146.12 | 2.49 | 157.19 | 143.06 | 146.68 | 158.03 | 99.92 | 74.04 |
| Austria (16) | 97.15 | +0.1 | 88.31 | 91.71 | 2.25 | 97.01 | 88.29 | 91.71 | 101.62 | 85.53 | 93.59 |
| Belgium (48) | 134.89 | +0.2 | 122.61 | 126.40 | 3.75 | 134.59 | 122.50 | 126.30 | 134.89 | 96.19 | 89.95 |
| Canada (129) | 138.92 | −0.5 | 126.28 | 132.93 | 2.19 | 139.65 | 127.10 | 134.04 | 141.78 | 100.00 | 97.87 |
| Denmark (39) | 119.48 | +0.3 | 108.61 | 113.79 | 2.44 | 119.10 | 108.39 | 113.47 | 124.10 | 98.18 | 94.65 |
| France (121) | 111.24 | +1.5 | 101.12 | 105.96 | 2.66 | 109.55 | 99.70 | 104.43 | 121.82 | 98.39 | 97.98 |
| West Germany (92) | 104.62 | −0.2 | 95.10 | 98.77 | 1.92 | 104.87 | 95.44 | 99.11 | 104.87 | 84.00 | 96.60 |
| Hong Kong (45) | 136.80 | −1.7 | 124.35 | 137.11 | 2.67 | 139.12 | 126.62 | 139.43 | 142.69 | 96.89 | 77.34 |
| Ireland (14) | 141.17 | +1.3 | 128.32 | 135.09 | 3.31 | 139.31 | 126.79 | 133.26 | 145.41 | 99.50 | 85.74 |
| Italy (76) | 85.12 | −2.5 | 77.37 | 83.69 | 2.18 | 87.29 | 79.44 | 85.89 | 112.11 | 84.74 | 106.27 |
| Japan (458) | 153.07 | +2.1 | 139.14 | 137.34 | 0.49 | 149.93 | 136.45 | 135.24 | 161.28 | 100.00 | 101.82 |
| Malaysia (36) | 182.16 | +0.2 | 165.58 | 176.88 | 2.10 | 181.83 | 165.48 | 176.84 | 193.64 | 98.24 | 85.30 |
| Mexico (14) | 326.92 | +4.2 | 297.17 | 525.43 | 0.57 | 313.86 | 285.65 | 503.07 | 326.92 | 99.72 | 60.39 |
| Netherland (37) | 130.15 | −1.0 | 118.31 | 121.60 | 3.69 | 131.41 | 119.59 | 122.80 | 131.41 | 99.65 | 98.41 |
| New Zealand (24) | 124.22 | −0.9 | 112.92 | 109.17 | 2.73 | 125.32 | 114.05 | 110.23 | 125.32 | 83.93 | 70.63 |
| Norway (24) | 171.23 | −0.9 | 155.65 | 155.31 | 1.76 | 172.79 | 157.26 | 156.72 | 172.79 | 100.00 | 101.42 |
| Singapore (27) | 172.32 | +2.1 | 156.64 | 167.23 | 1.49 | 168.75 | 153.58 | 163.62 | 174.00 | 99.29 | 89.71 |
| South Africa (61) | 172.93 | +0.9 | 157.19 | 133.83 | 3.10 | 171.45 | 156.04 | 133.88 | 198.09 | 100.00 | 80.26 |
| Spain (43) | 147.44 | +0.7 | 134.03 | 136.44 | 2.91 | 146.47 | 133.30 | 135.42 | 147.44 | 100.00 | 96.81 |
| Sweden (33) | 130.84 | +0.8 | 118.94 | 123.34 | 1.88 | 129.78 | 118.11 | 122.38 | 130.84 | 90.85 | 96.11 |
| Switzerland (53) | 108.99 | −0.2 | 99.07 | 101.12 | 1.63 | 109.22 | 99.40 | 101.87 | 109.22 | 92.01 | 98.52 |
| United Kingdom (335) | 148.47 | +0.9 | 134.96 | 134.96 | 3.27 | 147.08 | 133.86 | 133.86 | 162.87 | 99.65 | 96.55 |
| USA (590) | 136.10 | −0.7 | 123.71 | 136.10 | 2.69 | 137.02 | 124.70 | 137.02 | 137.02 | 100.00 | 103.50 |
| Europe (931) | 124.86 | +0.3 | 113.50 | 116.09 | 2.82 | 124.44 | 113.25 | 115.84 | 128.35 | 99.78 | 97.38 |
| Pacific Basin (683) | 152.70 | +1.9 | 138.80 | 137.65 | 0.63 | 149.85 | 136.38 | 135.76 | 158.77 | 100.00 | 99.90 |
| Euro–Pacific (1614) | 141.64 | +1.3 | 128.75 | 129.09 | 1.40 | 139.76 | 127.19 | 127.84 | 143.65 | 100.00 | 98.91 |
| North America (719) | 136.24 | −0.7 | 123.85 | 135.95 | 2.66 | 137.16 | 124.83 | 136.88 | 137.16 | 100.00 | 103.20 |
| Europe Ex. UK (596) | 110.22 | −0.2 | 100.20 | 104.43 | 2.44 | 110.41 | 100.49 | 104.73 | 110.41 | 98.02 | 97.92 |
| Pacific Ex. Japan (225) | 148.16 | −0.5 | 134.69 | 140.90 | 2.49 | 148.84 | 135.47 | 141.85 | 149.65 | 99.92 | 75.96 |
| World Ex. US (1818) | 142.01 | +1.3 | 129.09 | 129.54 | 1.45 | 140.21 | 127.61 | 128.38 | 143.38 | 100.00 | 98.63 |
| World Ex. UK (2073) | 138.82 | +0.5 | 126.19 | 131.90 | 1.78 | 138.14 | 125.73 | 131.58 | 138.82 | 100.00 | 100.90 |
| World Ex. So. Af. (2347) | 139.45 | +0.5 | 126.76 | 132.12 | 1.91 | 138.72 | 126.25 | 131.72 | 139.45 | 100.00 | 100.64 |
| World Ex. Japan (1950) | 133.27 | −0.3 | 121.14 | 129.53 | 2.71 | 133.68 | 121.67 | 130.03 | 133.68 | 100.00 | 99.89 |
| The World Index (2408) | 139.67 | +0.5 | 126.96 | 132.17 | 1.92 | 138.93 | 126.44 | 131.78 | 139.67 | 100.00 | 100.51 |

Base values: Dec 31, 1986 = 100

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Latest Austrian prices were not available for this edition.

## EUROPEAN OPTIONS EXCHANGE

| Series | | Vol. | Last | Vol. | Last | Vol. | Last | Stock |
|---|---|---|---|---|---|---|---|---|
| | | Nov 87 | | Feb 87 | | May 88 | | |
| GOLD C | $480 | 222 | 13.90 | — | — | 10 | 32 | $461.20 |
| GOLD C | $500 | 69 | 9 | 30 | 17.50B | — | — | " |
| GOLD C | $520 | 182 | 5 | 16 | 12.50 | — | — | " |
| GOLD P | $460 | 65 | 14.50 | 20 | 17.50 | — | — | " |
| | | Sep 87 | | Dec 87 | | Mch 88 | | |
| SILVER C | $800 | 31 | 36 | 22 | 65 | — | — | $787 |
| SILVER C | $850 | — | — | 5 | 49 | — | — | " |
| SILVER C | $900 | 40 | 15 | — | — | — | — | " |
| | | Sep 87 | | Oct 87 | | Nov 87 | | |
| $/Fl C | Fl.205 | 38 | 2.30 | 73 | 3.50 | 10 | 4.10A | Fl.204.75 |
| $/Fl C | Fl.210 | 38 | 0.70 | 63 | 1.60 | — | — | " |
| $/Fl C | Fl.215 | 542 | 0.40 | — | — | — | — | " |
| $/Fl P | Fl.200 | 14 | 1 | 10 | 1.10B | 12 | 2.10 | " |
| $/Fl P | Fl.205 | 73 | 2.30 | 45 | 3.50 | — | — | " |
| $/Fl P | Fl.210 | 95 | 5.70B | — | — | 20 | 7.50B | " |
| $/Fl P | Fl.215 | 3 | 10.30 | — | — | — | — | " |
| | | Dec 87 | | Mch 88 | | Jun 88 | | |
| $/FL C | Fl.200 | 20 | 7.10 | 4 | 8.50 | 69 | 9.30 | Fl.204.75 |
| $/FL C | FL.205 | 50 | 4.30 | 29 | 6.10 | 48 | 7 | " |
| $/FL C | Fl.210 | 201 | 2.50 | 138 | 4 | 13 | 5 | " |
| $/FL C | Fl.215 | 6 | 1.70 | 42 | 2.90 | 14 | 4 | " |
| $/Fl C | FL.220 | 20 | 1 | 4 | 1.90 | 34 | 2.80 | " |
| $/FL C | FL.225 | 10 | 0.80 | 20 | 1.10 | — | — | " |
| $/FL P | FL.195 | 20 | 1.90 | 20 | 3 | — | — | " |
| $/FL P | Fl.200 | 325 | 3.10 | 13 | 4.80B | — | — | " |
| $/FL P | FL.205 | 11 | 5.20 | — | — | 30 | 9.30 | " |
| $/FL P | FL.210 | 30 | 8.50 | 4 | 10.50B | — | — | " |
| $/FL P | FL.215 | 100 | 12.20B | — | — | — | — | " |
| | | Oct. 87 | | Jan. 88 | | Apr. 88 | | |
| ABN C | Fl.520 | 698 | 15.10 | 54 | 30 | 8 | 40 | Fl.510 |
| ABN P | Fl.520 | 66 | 17.50 | — | — | — | 27 | |
| AEGON C | Fl.95 | 214 | 6.50 | 3 | 10 | 5 | 11.30 | Fl.100.50 |
| AEGON P | Fl.95 | 13 | 1.80B | 26 | 3 | — | — | " |
| AKZO C | FL.180 | 1909 | 5.60 | 601 | 10.30 | 170 | 14.70 | Fl.175 |
| AKZO P | FL.180 | 839 | 8.90B | 169 | 12 | 2 | 12.20 | " |
| AMEV C | Fl.65 | 213 | 6 | 21 | 8.90 | — | — | Fl.69.80 |
| AMEV P | FL.70 | 39 | 3 | 114 | 3.60 | — | — | " |
| AMRO C | Fl.85 | 713 | 7 | 91 | 10 | 1 | 12.50 | Fl.90 |
| AMRO P | FL.80 | 251 | 0.40 | 22 | 1.50 | — | — | " |
| ELSEVIER C | Fl.60 | 559 | 4.80 | 61 | 8 | 12 | 8.50 | Fl.60.20 |
| ELSEVIER P | Fl.60 | 138 | 3.10 | 4 | 4.50 | — | — | " |
| GIST-BROC.C | Fl.50 | 290 | 4.20 | 192 | 5.70 | 13 | 7.30 | Fl.51.50 |
| GIST-BROC. P | Fl.50 | 381 | 2 | 21 | 2.80 | — | — | " |
| HEINEKEN C | Fl.200 | 78 | 4.70 | 88 | 11 | — | — | Fl.192.80 |
| HEINEKEN P | Fl.170 | 43 | 1.80 | 3 | 2.70 | — | — | " |
| HOOGOVENS C | FL.50 | 250 | 2.50B | 30 | 4.70 | 54 | 6.80 | Fl.48.50 |
| HOOGOVENS P | Fl.40 | 318 | 0.90B | 14 | 1.40 | 10 | 2.50B | " |
| KLM C | Fl.55 | 925 | 3.20 | 380 | 5.50 | 10 | 7 | Fl.55.80 |
| KLM P | Fl.55 | 109 | 2.50 | 65 | 3.40 | — | — | " |
| NEDLLOYD P | Fl.160 | 135 | 4 | 23 | 8 | 5 | 10.10 | Fl.184.20 |
| NAT.NED. C | Fl.75 | 398 | 6.50A | 15 | 9 | 20 | 11 | Fl.80.70 |
| NAT.NED. P | Fl.75 | 154 | 1 | 74 | 2.40 | — | — | " |
| PHILIPS C | Fl.55 | 727 | 1.50 | 495 | 3.20 | 18 | 4.70 | Fl.52.90 |
| PHILIPS P | Fl.50 | 122 | 0.70 | 79 | 1.80B | 14 | 2.90 | " |
| ROYAL DUTCH C | Fl.290 | 711 | 2.20 | 80 | 8.70 | 9 | 13 | Fl.273.20 |
| ROBECO C | FL.115 | 33 | 3.20A | — | — | — | — | Fl.113.40 |
| ROBECO P | FL.120 | 22 | 6.50 | — | — | — | — | " |
| UNILEVER C | FL.150 | 290 | 3 | 304 | 8 | 38 | 11.60 | Fl.142 |
| UNILEVER P | FL.140 | 210 | 3.50 | 65 | 6 | 6 | 6.50B | " |

TOTAL VOLUME IN CONTRACTS: 43,483

A=Ask B=Bid C=Call P=Put

## BASE LENDING RATES

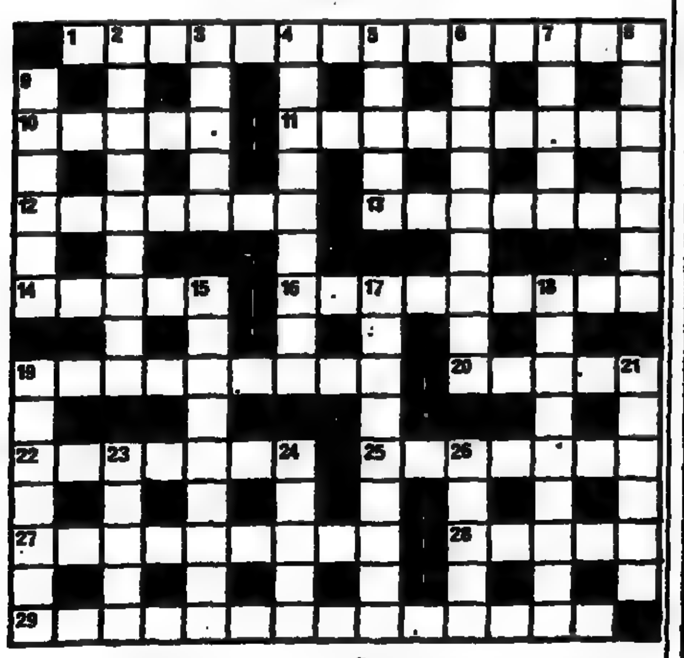
| | % | | % | | % |
|---|---|---|---|---|---|
| ABN Bank | 10 | ● Charterhouse Bank | 10 | Nat Bk. of Kuwait | 10 |
| Adam & Company | 10 | Citibank NA | 10 | NatWestminster | 10 |
| Allied Arab Bk Ltd | 10 | City Merchants Bank | 10 | Northern Bank Ltd | 10 |
| Allied Dunbar & Co | 10 | Clydesdale Bank | 10 | Norwich Gen. Trust | 10 |
| Allied Irish Bank | 10 | Comm. Bk. N. East | 10 | PK Finans. Int'l (UK) | 10½ |
| American Exp. Bk. | 10 | Consolidated Cred. | 10 | Provincial Trust Ltd | 11 |
| Amro Bank | 10 | Co-operative Bank | *10 | R. Raphael & Sons | 10 |
| Henry Ansbacher | 10 | Cyprus Popular Bk. | 10 | Roxburghe Guarantee | 10½ |
| ANZ Banking Group | 10 | Duncan Lawrie | 10 | Royal Bk of Scotland | 10 |
| Associates Cap Corp. | 10 | Equatorial Tst C'p plc | 10 | Royal Trust Bank | 10 |
| Authority & Co Ltd | 10 | Exeter Trust Ltd | 10½ | Smith & Williams Secs. | 10 |
| Banco de Bilbao | 10 | Financial & Gen. Sec. | 10 | Standard Chartered | 10 |
| Bank Hapoalim | 10 | First Nat. Fin. Corp. | 10 | TSB | 10 |
| Bank Leumi (UK) | 10 | First Nat. Sec. Ltd | 10 | UBT Mortgage Exp. | ¶11.1 |
| Bank Credit & Comm. | 10 | ● Robert Fleming & Co. | 10 | United Bk of Kuwait | 10 |
| Bank of Cyprus | 10 | Robert Fraser & Ptrs. | 11 | United Mizrahi Bank | 10 |
| Bank of Ireland | 10 | Girobank | 10 | Unity Trust PLC | 10 |
| Bank of India | 10 | Grindlays Bank | 10 | Western Trust | 10 |
| Bank of Scotland | 10 | ● Guinness Mahon | 10 | Westpac Bank Corp. | 10 |
| Banque Belge Ltd | 10 | HFC Trust & Savings | 10 | Whiteaway Laidlaw | 10½ |
| Barclays Bank | 10 | ● Hambros Bank | 10 | Yorkshire Bank | 10 |
| Benchmark Tst Ltd | 10 | Heritable & Gen. Tst. | 10 | | |
| Beneficial Trust Ltd | 11 | ● Hill Samuel | §10 | | |
| Berliner Bank AG | 10 | C. Hoare & Co. | 10 | | |
| Brit Bk of Mid East | 10 | Hongkong & Shangh. | 10 | | |
| ● Brown Shipley | 10 | Lloyds Bank | 10 | | |
| Business Mtge Tst. | 10 | Meghraj & Sons Ltd | 10 | | |
| CL Bank Nederland | 10 | Midland Bank | 10 | | |
| Canada Permanent | 10 | ● Morgan Grenfell | 10 | | |
| Cayzer Ltd | 10 | Mount Credit Corp. Ltd | 10 | | |

● Members of the Accepting Houses Committee. * 7-day deposits 5%. Sureties 7.66%. Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited. ¶ Mortgage base rate. § Demand deposit 4.98%. Mortgage 10.5%.



## FT CROSSWORD PUZZLE No. 6,413

TANTALUS



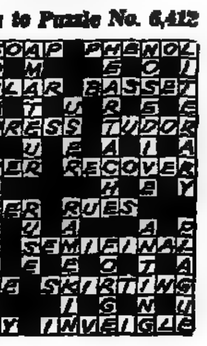
### ACROSS

1 Non-drinker, strangely, is not late at bar (5, 9)
10 Some Sherpas take this food (5)
11 The same unrelated gathering (9)
12 Underworld body of followers cut asunder (7)
13 Turn about in capsized barge and discover plant (7)
14 Look pleased with Emil's new appearance (5)
16 Turned up 20—almost! (9)
19 Study route to large hall (9)
20 Severe rebuff for one who pries (5)
22 Young animal returns with many in a Roman Trumpet (7)
25 Sodium smell starting to develop (7)
27 Story-teller near court building (9)
28 An attractive type of accent (5)
29 Congreve's aged celibate (3, 3, 8)

### DOWN

2 Old boy goes to meeting with fixed idea (9)
3 Girl for example lifted saw (5)
4 Grown-up twice upset about unfaithful person (9)
5 Jargon used by Son to Archbishop (5)
6 . . . upon a land in which it seemed always—(Tennyson) (9)
7 Tend railwaymen going to Home Counties (5)
8 Read it! A possibility to shine (7)
9 Garden tools on card table? (6)
15 Oriental movement a beginner finds sentimental (9)
17 Breaking, can hit red—at once divine and human! (9)
18 Musically sustained so sent out composition (9)
19 Get taxi to tear about for entertainment (7)
21 Decaying rubbish stench—school drops out (6)
23 Initially, chestnut you can learn easily to ride (5)
24 Last three of 26 are we hear born bitter (5)
26 Odds on one getting room (5)

*Solution to Puzzle No. 6,412*




## FT UNIT TRUST INFORMATION SERVICE

### AUTHORISED UNIT TRUSTS

# FT UNIT TRUST INFORMATION SERVICE

**Mercury Fund Managers Ltd (c)**
33 King William St, EC4R 9AS 01-280 2060

| | | | | |
|---|---|---|---|---|
| American Growth | 116.8 | 123.5 | +0.6 | 1.01 |
| (Accum Units) | 122.4 | 129.5 | +0.6 | 1.01 |
| British Blue Chip Fund | 51.1 | 54.0 | +1.2 | 2.60 |
| (Accum Units) | 51.1 | 54.0 | +1.2 | 2.60 |
| American Sm Cos Fd | 54.1 | 57.2 | -0.3 | 0.46 |
| (Accum Units) | 54.1 | 57.2 | -0.3 | 0.46 |
| American Income | 53.5 | 56.6 | -0.1 | 3.89 |
| (Accum Units) | 58.3 | 61.6 | -0.3 | 3.89 |
| European Growth | 157.0 | 166.1 | -0.1 | 2.32 |
| (Accum Units) | 164.0 | 173.5 | +0.0 | 2.32 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

**Provident Mutual Unit Trust Managers Ltd.**
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

| | | | |
|---|---|---|---|
| PM Equity Growth | 116.0 | 123.5 | 1.04 |
| PM Income and Growth | 103.1 | 109.7 | 2.88 |
| PM N American Growth | 61.3 | 65.2 | 0.33 |
| PM European Growth | 50.6 | 53.8 | 0.56 |
| PM Japan Growth | 75.5 | 80.3 | 0.34 |
| PM Overseas Growth | 59.0 | 62.7 | 0.45 |

**Prudential Unit Trust Mngrs Ltd (a) (b) (c)**
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn LinkLine 0800 010345

| | | | |
|---|---|---|---|
| Holborn Comm Tst | 80.7 | 85.3 | 0.36 |
| Holborn Equity Income | 71.7 | 75.8 | 3.39 |
| Holborn Equity Tst | 573.1 | 606.4 | 2.23 |
| Holborn European Tst | 125.0 | 132.2 | .43 |
| Holborn Gilt Tst | 206.5 | 215.4 | 2.21 |
| Holborn High Inc Tst | 88.5 | 93.6 | 4.61 |
| Holborn Intl Grth Tst | 124.9 | 132.1 | .86 |
| Holborn Japanese Tst | 138.4 | 146.4 | 0.04 |
| Holborn N. Amer Tst | 99.8 | 105.6 | .46 |
| Holborn Sm Cos Tst | 78.6 | 83.2 | 1.49 |
| Holborn Spec Sits Tst | 101.6 | 107.5 | 1.36 |
| Holborn UK Growth Tst | 113.2 | 119.7 | 1.56 |

**Quilter Management Co Ltd**
31-45 Gresham Street, London EC2 01-600 4177

**Reliance Unit Mgrs. Ltd**
Reliance House, Tunbridge Wells, Kent 0892 510033

**Standard Life Trust Mgmt. Ltd**
3 George St, Edinburgh EH2 2XZ

**Stewart Ivory Unit Trust Mgrs Ltd**
45 Charlotte Sq, Edinburgh

**Sun Alliance Fund Management Ltd**
Sun Alliance House, Horsham

# INSURANCES

**AA Friendly Society**

**Abbey Life Assurance Co Ltd**

# FT UNIT TRUST INFORMATION SERVICE

**Manufacturers Life Insurance Co (UK)**
St George's Way, Stevenage 0438 356101

| | | | | |
|---|---|---|---|---|
| Managed | 441.8 | 465.1 | .. | — |
| Property | 282.3 | 297.2 | | — |
| Equity | 557.2 | 586.5 | | — |
| Gilt Edged | 348.3 | 366.6 | | — |
| Deposit | 205.5 | 216.3 | | — |
| Investment | 237.3 | 249.2 | | — |
| International | 446.0 | 469.5 | | — |
| **Pension Fund Prices** | | | | |
| Managed Init. | | 317.2 | | — |
| Do. Accum. | | 379.6 | | — |
| Property Init. | | 245.9 | | — |
| Do. Accum. | | 301.9 | | — |
| Equity Init. | | 429.9 | | — |
| Do. Accum. | | 527.1 | | — |
| Gilt-Edged Init. | | 225.7 | | — |
| Do. Accum. | | 277.1 | | — |
| Guaranteed Init. | | 158.5 | | — |
| Do. Accum. | | 194.7 | | — |
| International Init. | | 538.5 | | — |
| Do. Accum. | | 660.8 | | — |
| Index Lk. Gilt Init. | | 135.0 | | — |
| Do. Accum. | | 165.7 | | — |

**Merchant Investors Assurance**
Leon House, 233 High St, Croydon 01-686 9171

| | | | |
|---|---|---|---|
| Property | 315.1 | +0.1 | — |
| Property Pens. | 480.3 | +0.4 | — |
| Equity | 193.7 | +1.1 | — |
| Equity Pens. | 870.6 | +8.0 | — |
| Money Market | 293.9 | +1.7 | — |
| Money Mkt. Pens. | 528.7 | +3.2 | — |
| Deposit | 238.1 | +0.0 | — |
| Deposit Pens. | 380.0 | +0.1 | — |
| Managed | 293.0 | +1.0 | — |
| Managed Pens. | 542.1 | +3.1 | — |
| Intl. Equity | 358.3 | +0.7 | — |
| Do. Pens. | 582.1 | +1.6 | — |
| Intl. Managed | 325.2 | +1.3 | — |
| Do. Pens. | 483.9 | +3.0 | — |
| North American | 139.8 | -0.3 | — |
| Do. Pens. | 162.6 | -0.6 | — |
| Far East | 302.9 | -1.0 | — |
| Do. Pens. | 499.9 | -1.5 | — |
| Intnl. Currency | 169.3 | -1.1 | — |
| Do. Pens. | 218.6 | -2.0 | — |
| Index Linked | 126.7 | +0.6 | — |

**National Provident Inst.—Contd.**

| | | | | |
|---|---|---|---|---|
| Far East Initial | 507.4 | 534.4 | +2.9 | — |
| Far East | 608.0 | 640.1 | +3.0 | — |
| Prop. Initial | 141.6 | 149.1 | +1.5 | — |
| Prop. | 169.7 | 178.7 | +1.6 | — |
| Fixed Int. Initial | 179.6 | 189.1 | +0.5 | — |
| Fixed Int. | 215.5 | 226.9 | +0.6 | — |
| Indexed Gilt Initial | 100.0 | 105.3 | +0.8 | — |
| Indexed Gilt | 118.8 | 125.1 | +1.0 | — |
| Deposit Initial | 135.1 | 142.3 | +0.1 | — |
| Deposit | 163.8 | 172.5 | +0.1 | — |
| **NPI Pensions Management Ltd** | | | | |
| Managed Fund | 987.4 | 1005.2 | | — |

Prices August 3. Next dealing September 1.

**Norwich Union Asset Management Ltd**
PO Box 124, Norwich NR1 1JS 0603 683986

| | | | | |
|---|---|---|---|---|
| **NUAM Funds** | | | | |
| Managed Fund | 57.5 | 60.6 | +0.9 | — |
| Stock Market Mngd Fund | 59.7 | 62.9 | +0.6 | — |
| Equity Fund | 63.5 | 66.9 | +1.1 | — |
| International Fund | 57.2 | 60.2 | | — |
| European Fund | 59.4 | 62.6 | -0.1 | — |
| North American Fund | 52.9 | 55.7 | | — |
| Pacific Fund | 66.4 | 69.9 | +0.1 | — |
| Property Fund | 52.0 | 54.8 | | — |
| Fixed Interest Funds | 47.7 | 50.3 | +0.2 | — |
| Index Linked Sec Fund | 45.0 | 47.4 | +0.3 | — |
| Deposit Fund | 51.1 | 53.8 | | — |
| **NUAM Retirement Plans** | | | | |
| Mixed Fund | 61.0 | 64.3 | +0.6 | — |
| UK Ordinary Share | 71.4 | 75.2 | +0.7 | — |
| International Fund | 59.3 | 62.5 | +0.2 | — |
| Property Fund | 52.0 | 54.8 | | — |
| Fixed Interest Fund | 49.3 | 51.9 | +0.2 | — |
| Index Linked Sec Fund | 45.0 | 47.4 | +0.1 | — |
| Deposit Fund | 53.1 | 55.9 | | — |
| **NUAM (NP)** | | | | |
| Managed Fund | 789.9 | 831.5 | +7.7 | — |
| Equity Fund | 1692.5 | 1781.6 | +32.4 | — |
| Property Fund | 323.7 | 340.8 | +0.1 | — |
| Fixed Interest Fund | 352.0 | 370.6 | +1.7 | — |
| Deposit Fund | 208.4 | 219.4 | +0.1 | — |
| International Fund | 148.5 | 156.4 | -0.1 | — |
| Index Linked Sec Fund | 45.0 | 47.4 | +0.3 | — |

**Norwich Union Life Insurance Soc.**
PO Box 4, Norwich NR1 3NG 0603 622200

[illegible]

## MANAGEMENT SERVICES

[illegible]

## OFFSHORE AND OVERSEAS

[illegible]

# FT UNIT TRUST INFORMATION SERVICE

# LONDON SHARE SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

## BRITISH FUNDS—Contd

Index-Linked

## INT. BANK AND O'SEAS GOVT STERLING ISSUES

## CORPORATION LOANS

## COMMONWEALTH & AFRICAN LOANS

## LOANS

Building Societies

Public Board and Ind.

Financial

## FOREIGN BONDS & RAILS

| 1987 High | Low | Stock | Price £ | + or – | Div % Gross | Red. Yield |
|---|---|---|---|---|---|---|
| 53 | 42 | Greek 7pc Ass. | 53 | ...... | 3.50 | [illegible] |
| 50 | 40 | Do. 6pc 28 Stb. Ass. | 50 | ...... | 3 | [illegible] |
| 50 | 45 | Do 4pc Mixed Ass. | 50 | ...... | 2 | [illegible] |
| 66 | 58 | Hung. '24 Ass. | 66 | +1 | 2.75 | [illegible] |
| 146½ | 122⅞ | Hydro Quebec 15pc 2011 | [illegible] | ...... | 15.00 | 11.74 |
| 136¼ | 115¾ | Iceland 14½pc Ln 2016 | 121⅞ | ...... | 14.50 | 11.80 |
| 105¾ | 94 | Ireland 9¾pc '91-96 | 94½ | ...... | 9.75 | 11.80 |

## AMERICANS

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

Continued on next page

# LONDON SHARE SERVICE

## AMERICANS—Continued

| 1987 High | Low | Stock | Price £ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 30½ | 22⅞ | Sara Lee $1 | 29xd | +⅛ | $1.00 | — | 2.1 |
| 11⅞ | 8⅞ | Seal (B. F.) $1 | 11¼xd | –⅛ | 20c | — | 1.1 |
| 26¼ | 19⅞ | Southwestern Bell $1 | 25⅜ | –⅛ | h$2.32 | — | 5.6 |
| 19 | 14¼ | Staley Continental | 18⅜ | +⅛ | 80c | — | 2.7 |
| 44⅞ | 36⅜ | Sun Co. Inc. $1 | 39 | | $3.00 | — | 4.7 |
| 42⅞ | 28⅞ | TRW Inc. $0.625 | 40¼xd | | h$1.60 | — | — |
| 34⅞ | 25⅞ | Tenneco $5 | 33⅛xd | | $3.04 | — | 5.6 |
| 202½ | 149½ | Do. 10pcLn.Stk. 91-5 | 202⅝xd | | 10% | — | 5.0 |
| 29⅝ | 17⅞ | Texaco $6.25 | 26⅞xd | –⅛ | $3.00 | — | 6.9 |
| 74⅞ | 47⅛ | Time Inc. $1 | 70⅞xd | +1⅛ | $1.00 | — | 0.9 |
| 15⅛ | 11 | Tracor $0.33 | 14⅛ | | 40c | — | 1.7 |
| 30⅛ | 18⅞ | Transamerica $1 | 28⅞ | –1⅞ | $1.76 | — | 3.7 |
| 14⅛ | 922p | Transworld Corp $5 | 13⅞ | +⅛ | 20c | — | 0.9 |
| 49⅞ | 29⅛ | TRINOVA Corp. | 46¼xd | +1⅛ | h$1.00 | — | 1.3 |
| 24⅞ | 15⅛ | ♥USX $1 | 23⅝ | –⅛ | $1.20 | — | 3.1 |
| 19⅞ | 15⅞ | Union Carbide $1 | 18⅛ | +⅛ | $1.50 | — | 5.0 |
| 37⅞ | 26⅞ | Utd. Technologies | 35¼xd | –⅛ | $1.40 | — | 2.4 |
| 38⅞ | 27 | US West§ | 35⅞ | +⅛ | $3.28 | — | 5.6 |
| 30⅞ | 17⅛ | Waste Management $1 | 29⅛ | +⅛ | — | — | — |
| £31⅞ | £20⅞ | Whirlpool $1.0 | £24¼ | +⅛ | — | — | — |
| 37⅛ | 26 | ♥Woolworth $3½ | 35⅞ | –⅛ | $1.30 | — | 2.3 |

## CANADIANS

## BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

## BEERS, WINES & SPIRITS

## BUILDING, TIMBER, ROADS

## BUILDING, TIMBER, ROADS—Cont

## CHEMICALS, PLASTICS

## DRAPERY AND STORES

## DRAPERY AND STORES—Cont.

## ELECTRICALS

## ENGINEERING

## ENGINEERING—Continued

## FOOD, GROCERIES, ETC

## HOTELS AND CATERERS

## INDUSTRIALS (Miscel.)

## INDUSTRIALS—Continued

## INDUSTRIALS—Continued

## INSURANCES

# LONDON SHARE SERVICE

## INSURANCES—Continued

| 1987 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 412 | 309 | PWS Holdings 10p | 378 | –2 | †9.25 | 2.9 | 3.4 | 14.1 |
| 430 | 316 | Pearl Group 5p | 367 | –1 | 10.5 | — | 3.9 | — |
| *£11¼ | 804 | Prudential | 983 | –1 | 29.0 | — | 4.0 | — |
| 580 | 433 | Refuge 5p | 535 | +1 | 15.75 | — | 4.0 | — |
| 589 | 423 | Royal | 503 | +7 | †15.5 | — | 4.3 | — |
| 103 | 97 | Sailire Ins. Inv. | 100 | ..... | — | — | — | — |
| *345 | 274 | Sedgwick Group 10p | 312½ | –1½ | 12.0 | 1.7 | 5.3 | 13.3 |
| 339 | 207 | Steel Burrill J.10p | 289 | ...... | 9.0 | 2.0 | 4.3 | 16.1 |
| 668 | 403 | Stewart Wr. 20p | 584 | +16 | ♦13.0 | 2.0 | 3.0 | 20.7 |
| 612 | 377 | Sturge Hldgs 20p | 590 | ..... | †6.0 | 2.5 | 1.6 | 34.7 |
| £11 | 645 | Sun Alliance | 950 | +2 | 23.5 | — | 3.4 | — |
| £12½ | 929 | Sun Life 5p | £11¼ | ..... | 28.5 | — | 3.3 | — |
| £69¼ | £39 | ♥Taisho M EDR | £55½ | +2¼ | g010% | — | 0.8 | — |
| £22¼ | £14½ | Torchmark $1.00 | £20⅝ | ..... | 060c | — | 1.8 | — |
| 380 | 235 | Trade Indemnity | 375 | +5 | 4.3 | — | 1.6 | — |
| £34 | £24⅞ | Travelers $1.25 | £29½ | –¼ | $2.28 | — | 4.7 | — |
| £30¼ | £22⅞ | USF & G Corp $2.50 | £26⅞ | –½ | Q$2.40 | — | 3.7 | — |
| £32½ | £20⅞ | USLIFE Corp. $1.0 | £26⅞ | +¼ | Q$1.20 | 3.2 | 2.7 | 5.9 |
| 728 | 555 | ♥Utd Friendly B 10p | 718 | +5 | 21.0 | — | 4.0 | — |
| 464 | 367½ | Willis Faber 12½p | 388 | +10 | 10.75 | 2.4 | 3.8 | 14.8 |
| 122 | 41 | Windsor Secs. 10p | 122 | +13 | †0.7 | 1.5 | 0.8 | — |

## LEISURE

| 1987 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 39½ | 11½ | ♦A & M Group 10p | 25 | +½ | — | — | — | ♦ |
| 242 | 189 | Airtours 10p | 197 | –1 | R5.4 | 2.5 | 3.9 | 14.3 |
| *549 | 302 | Anglia TV | 511 | +2 | †g11.25 | 3.3 | 3.0 | 14.2 |
| 184 | 108 | ♦Aspinall Hldgs. 10p | 168 | –1 | 6.0 | 1.2 | 4.9 | 23.0 |
| 141 | 63 | ♦Avesco 1p | 111 | –2 | 0.5 | 6.7 | 0.6 | 31.4 |
| 65 | 40 | ♦BCE Hldgs 5p | 53½ | +2 | Ld1.0 | ♦ | 2.6 | ♦ |
| 258 | 132 | Barr & W.A.T. 'A' | 227 | ...... | 8.0 | 1.4 | 4.8 | 18.5 |
| 58 | 19 | Bond Media | 47 | ..... | — | — | — | — |
| 235 | 165 | Boosey & Hawkes | 250 | –2 | — | — | — | — |
| 83 | 45 | ♦Border T.V. | 57 | +1 | 1.4 | ♦ | 3.4 | ♦ |
| *439 | 43½ | Brent Walker 10p | 365 | +22 | g8.5 | 2.2 | 3.7 | 17.6 |
| *292 | 110 | Campari Int. 20p | 261 | +6 | 3.0 | 5.1 | 1.6 | 13.4 |

[illegible]

## PAPER, PRINTING—Continued

| 1987 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 116 | 78 | ♦Moss Advertising 5p | 96 | ..... | d2.45 | 1.2 | 3.5 | (30.1) |
| 189 | 113 | Norton Opax 10p | 158 | +2 | 14.0 | 2.7 | 3.5 | 14.6 |
| £28 | £17½ | Ogilvy Group $1 | £24⅝ | –1½ | 084c | — | 2.1 | — |
| 198 | 57 | Olives Paper 20p | 190 | +10 | ♦— | — | — | — |
| 336 | 291 | ♦Osborne & Little 5p | 321 | ...... | 3.9 | 3.8 | 1.7 | 21.9 |
| 105 | 53 | Oxley Communications | 105 | ..... | 1.25 | 1.0 | 1.6 | 60.7 |
| 218 | 110 | ♦Peters (Michael) | 185 | .. | †2.6 | 2.4 | 1.9 | 30.2 |
| *699 | 533 | Saatchi 10p | 645xd | +2½ | †#12.14 | 2.2 | 2.6 | 20.3 |
| *138½ | 112½ | Do 6.3pcCnvPref£1 | 125½xd | –2½ | 6.3% | — | 6.9 | — |
| 900 | 412½ | St Ives 10p | 820 | ..... | †b4.5 | 5.6 | 0.8 | 32.3 |
| £52⅞ | £38⅝ | Scott Paper | £49⅞ | –⅞ | Q$1.12 | — | 1.4 | — |
| 605 | 333 | Shandwick 2p | 570 | ..... | †4.22 | 4.0 | 1.0 | 33.7 |
| 485 | 248 | Smith (David S.) 20p | 442 | +2 | 5.25 | ♦ | 1.6 | ♦ |
| 550 | 313 | Smurfit (Jeffsn.) | 530 | ..... | Q22.2% | 4.7 | 1.0 | 34.2 |
| 103 | 73 | ♦Sauce Planning Servs. | 96 | +1 | F1.2 | 2.9 | 1.7 | 28.3 |
| 58 | 31 | ♦Stance Exhibition 5p | 53 | +5 | 0.29 | 4.0 | 0.8 | 45.0 |
| 143 | 85 | ♦Sterling Pub. 5p | 118 | ..... | 2.2 | 2.3 | 2.6 | 22.6 |
| 245 | 115 | ♦TMD Advertising | 198 | +1 | 2.0 | 3.7 | 1.4 | 26.4 |
| 96 | 57 | ♦Thorpac Group 2½p | 79 | –1 | 1.17 | 2.1 | 2.0 | 19.8 |
| 288 | 199 | Usher Walker 10p | 261 | ..... | 8.05 | 2.4 | 4.2 | 13.6 |
| 532 | 151 | VPI Group 5p | 526 | +24 | 1.5 | 5.9 | 0.4 | 59.9 |

For Valia Pallas see VPI Group

| 1987 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| *372 | 203 | WCRS Group 5p | 337 | +7 | 3.13 | 4.3 | 1.3 | 21.4 |
| *£11¼ | 534½ | WPP Group 10p | 820 | +5 | †#3.2 | 4.1 | 0.5 | 63.6 |
| 370 | 69 | Wace Group 20p | 280 | –2 | 21.0 | — | 0.5 | 60.1 |
| *335 | 190 | Waddington (J.) | 279 | +2 | 6.0 | 2.3 | 2.9 | 18.1 |
| 555 | 252½ | Watmoughs | 555 | +5 | b6.5 | 2.3 | 1.6 | 37.2 |
| 358 | 165 | ♦Wiley Mackay-Lewis 10p | 353 | –2 | L4.0 | ♦ | 1.6 | ♦ |
| 287 | 133 | Yellowhammer 5p | 268 | ..... | 2.1 | 4.6 | 1.1 | 26.7 |

## PROPERTY

| 1987 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 133 | 74 | Allied London 10p | 116 | +3 | †1.75 | 3.0 | 2.1 | 21.6 |
| *30b | 164 | Arlington Sec 10p | 248 | +2 | g2.2 | 4.1 | 1.2 | 29.8 |
| 800 | 340 | Asda Property 20p | 785 | +15 | †3.5 | 3.3 | 0.7 | 60.5 |
| 18 | 7 | ♥Austmark Int | 12 | ...... | — | — | — | — |
| 213 | 155 | BDA Hldgs. 10p | 181 | +6 | †2.5 | 3.7 | 1.9 | 19.8 |
| 415 | 188 | BakerHarrisSaunders10p | 365 | ..... | L4.0 | ♦ | 1.5 | ♦ |
| £18½ | 380 | Barlows | £14 | ..... | 7.5 | — | 0.7 | — |
| 238 | 119 | Belgrave Hldgs. | 235 | ..... | 1.5 | — | 0.9 | — |
| 60 | 17¼ | Berkeley & Hay Hill | 44½ | +3 | — | — | — | 62.9 |
| 405 | 276 | Billon (Percy) | 378 | ..... | 12.94 | 1.5 | 4.7 | 18.6 |
| 720 | 490 | Bradford Prop. | 690 | –10 | 11.0 | 3.3 | 2.2 | 19.2 |
| 261 | 141 | Brederc Props. | 235 | +2 | ♦4.25 | 2.6 | 2.5 | 17.6 |

[illegible]

## MOTORS

### Motors and Cycles

[illegible]

### Commercial Vehicles

[illegible]

### Components

[illegible]

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING, ADVERTISING

[illegible]

## SHIPPING

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TEXTILES—Cont.

[illegible]

## TOBACCOS

[illegible]

## TRUSTS, FINANCE, LAND

### Investment Trusts

[illegible]

## FINANCE, LAND—Cont.

[illegible]

### Finance, Land, etc

[illegible]

## OIL AND GAS

[illegible]

## OIL AND GAS—Continued

[illegible]

## OVERSEAS TRADERS

[illegible]

## PLANTATIONS

### Rubbers, Palm Oil

[illegible]

### Teas

[illegible]

## MINES

### Central Rand

[illegible]

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

### O.F.S.

[illegible]

### Diamond and Platinum

[illegible]

### Central African

[illegible]

### Finance

[illegible]

### Australians

[illegible]

## MINES—Continued

[illegible]

### Tins

[illegible]

### Miscellaneous

[illegible]

## THIRD MARKET

[illegible]

## NOTES

[illegible]

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| Stock | Price | + or – |
|---|---|---|
| Albany Inv 20p | 91 | +2 |
| Craig & Rose £1 | 580 | ..... |
| Finlay Pkg. 5p | 112 | –2 |
| Holt (Jos) 25p | 1005 | ..... |
| Ind Stnl. £1 | 258 | +3 |

**Irish**

| Stock | Price | + or – |
|---|---|---|
| Fund 11¼% 1988 | £100⅞ | –⅛ |
| Nat. 9¾% 84/89 | £97½ | ...... |
| Fin. 13% 97/02 | [illegible] | ..... |
| Alliance | [illegible] | ..... |
| CPI Hldgs | [illegible] | ..... |
| Carroll Inds. | 165 | ..... |
| Dublin Gas | 15 | ..... |
| Hall (R. & H.) | 130 | ..... |
| Heiton Hldgs. | [illegible] | +1 |
| Irish Ropes | 285 | ..... |
| Unidare | [illegible] | +5 |

## TRADITIONAL OPTIONS

### 3-month call rates

| Industrials | p |
|---|---|
| Allied-Lyons | 40 |
| Amstrad | 30 |
| BAT | 55 |
| BOC Grp. | 45 |
| BSR | 17 |
| BTR | 30 |
| Babcock | 19 |
| Barclays | 52 |
| Beecham | 50 |
| Blue Circle | 70 |
| Boots | 25 |
| Bowaters | 50 |
| Brit Aerospace | 55 |
| Brit. Telecom | 32 |
| Burton Ord | 36 |
| Cadburys | 22 |
| Charter Cons | 40 |
| Coats Union | 30 |
| Courtaulds | 40 |
| FNFC | 30 |
| Gen Accident | 95 |
| GEC | 24 |
| Glaxo | 200 |
| Grand Met. | 55 |
| GUS 'A' | 175 |
| Guardian | 90 |
| GKN | 30 |
| Hanson Tst. | 15 |
| Hawker Sidd | 50 |
| ICI | 125 |
| Jaguar | 52 |
| Ladbroke | 40 |
| Legal & Gen | 32 |
| Lex Service | 45 |
| Lloyds Bank | 50 |
| Lucas Inds | 62 |
| Marks & Spencer | 22 |
| Midland Bk | 55 |
| Morgan Grenfell | 35 |
| NEI | 12 |
| Nat West Bk | 65 |
| P & O Dfd. | 65 |
| Plessey | 22 |
| Polly Peck | 25 |
| Racal Elect | 24 |
| RHM | 30 |
| Rank Org Ord | 70 |
| Reed Intnl | 45 |
| STC | 30 |
| Sears | 15 |
| TI | 34 |
| TSB | 10 |
| Tesco | 35 |
| Thorn EMI | 70 |
| Trust Houses | 24 |
| Turner Newall | 28 |
| Unilever | 300 |
| Vickers | 30 |
| Wellcome | 42 |
| **Property** | |
| Brit Land | 25 |
| Land Securities | 45 |
| MEPC | 42 |
| Peachey | 45 |
| **Oils** | |
| Brit Petroleum | 32 |
| Britoil | 32 |
| Burmah Oil | 45 |
| Charterhall | 6 |
| Premier | 11 |
| Shell | 110 |
| Tricentrol | 11 |
| Ultramar | 24 |
| **Mines** | |
| Cons Gold | 95 |
| Lonrho | 26 |
| Rio T Zinc | 90 |

A selection of Options traded is given on the London Stock Exchange Report Page.

هكذا من الأصل

# LONDON STOCK EXCHANGE

**Account Dealing Dates**

| Option *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Aug 10 | Aug 20 | Aug 21 | Sept 1 |
| Aug 24 | Sept 10 | Sept 11 | Sept 21 |
| Sept 14 | Sept 24 | Sept 25 | Oct 5 |

* New time dealings may take place from 9.00 am two business days earlier.

## Recovery trend maintained but both Gilt-edged and equities trade cautiously

The UK securities markets yesterday continued their recovery from last week's shakeout, although the mood remained cautious in both the equity and Government bond sectors. With no important UK economic statistics due until after the Bank Holiday weekend, equities opened the extended three week trading account firmly.

Fears of an imminent rise in UK interest rates were calmed by favourable weekend commentaries from the City analysts, and Gilt-edged stocks added half a point in subdued trading.

The equity sector opened sharply higher and moved up to show a 30 point gain on the FT-SE at mid-session, despite weakness in oil shares as crude prices fell back on reports of increasing production by the Opec countries.

There was little strength behind share gains, and a dull start by Wall Street halved London's early rise. The market steadied at the close, when the FT-SE 100 index showed a net rise of 19.3 to 2225.1, and the FT Ordinary Index was 24.9 up at 1752.1.

Retail investment in both sectors was restrained by underlying uncertainty over domestic interest rates. "The next move (by rates) will be up rather than down," prophesied a dealer at a large US house, "we are OK for the moment, but come Christmas, UK base rates are more likely to be at 11 per cent than 9 per cent."

The next hurdle for the markets comes a week today when both the UK trade figures for July and the latest survey of opinion by the *Confederation of British Industry* are expected.

Nomura Securities made a quiet start as marketmaker in UK equities in London, with its SEAQ screen service offering to deal in large size only in British Gas, with its other nine blue chips marked "1 x 1" (signifying 1,000 shares bargain sizes as buyer or seller). Nomura has long been a major retail investor in Glaxo, Fisons, British Telecom and Beecham, as well as in the other stocks in which it will now make markets.

Mr Tony White, of the marketmaking team, said Nomura hopes to extend its list on "reviewing the situation after a couple of months."

Losses in British Petroleum and Shell stood out against the trend, as a slide in oil prices took the Brent contract below the psychologically important $18 a barrel mark. British Gas eased with the rest of the energy sector but saw only light turnover.

Consumer stocks continued to respond to High Street spending levels, and the merchant banking sector was active behind Morgan Grenfell, which bounced ahead on news that Hanson Trust had bought a 3.3 per cent stake. US buyers chased Racal again on its cellular telephone prospects.

*But gains in Imperial Chemical* Industries, Fisons and Glaxo reflected little more than a correction from last week's falls.

The bond market chalked up most of its gain within the first hour, when short covering by marketmakers reflected calmness in the money markets. Some small retail support was seen during the session, but the mood was subdued.

BAT Industries advanced 14 to 639p *following news* that a US Federal Appeals Court in Atlanta has upheld a lower court ruling that the existence of the health warning on cigarette packets protects the tobacco companies from liability.

*BAT is scheduled to reveal its* half-yearly results on September 2.

Confirmation that the heavy buying of Morgan Grenfell shares in the middle and end of July had been carried out by Hanson Trust — who built up a 3.3 per cent stake in the merchant bank — triggered a substantial mark up of Morgan shares which moved ahead to close a net 23 up at 573p.

Other merchant banks also made good progress. Hill Samuel, where Union Bank of Switzerland pulled out of merger discussions last week, added 17 more at 691p on talk that another bid is imminent. Guinness Peat drifted back to 110p, awaiting the suggested *full bid from 29.98 per cent share*holder Equiticorp of New Zealand. S. G. Warburg put on 4 to 474p; BZW in its current financial sector review says the shares have sound medium term attractions and should be picked up on any weakness. Kleinwort Benson were 5 firmer at 569p.

The clearing banks were better across the board led by NatWest — up 11 more at 723p — while Barclays rose a like amount to 560p. Royal Bank of Scotland, recently the subject of Press rumours of a bid, gained 7 to 397p. Elsewhere, Combined Leasing Finance jumped 8 to 270p amid talk of an imminent acquisition.

*Insurances were mixed. Lifes* made early progress in the wake of a newspaper story that Midland Bank is seeking to buy a life company. London and Manchester, a favourite bid speculation in recent weeks, with TSB said to be a likely bidder, added 7 at 312p. In composites Commercial Union shrugged off the recent selling pressure and moved up 3½ to 353p while Royals — where talk persisted that a recent buyer had acquired a near 5 per cent stake — settled 5 up at 301p. Brokers Stewart Wrightson and Willis Faber surged ahead, the latter reflecting its 20.8 per cent stake in Morgan Grenfell. Windsor Securities jumped 9 to 118p.

Leading *Building issues* attracted light support and, in the absence of selling, displayed several noteworthy gains. Tarmac revived strongly and rose 9 to 282p, while BPB Industries put on 10 to 374p and Redland gained 9 to 491p. Marley were in demand ahead of Thursday's half-timer and put on 3½ to 177p, while AMEC, due to report interim figures on the same day, edged up a penny to 360p. Blue Circle picked up 10 at 474p and RMC advanced 14 to 468p in a restricted market. Alfred McAlpine were 7 better at 562p awaiting today's first-half figures.

Reports that joint "shop" brokers Kleinwort Grieveson and County NatWest had downgraded their respective profit forecasts for the current year, in the former's case from some £67m to around £54m, severely depressed the Margnet and Southerns share price which dipped 56 to 272p.

Newman Tonks added 4¼ to 221½p following acquisition news, while Wiggins rose 12 to 281p on dockland development prospects. Old takover favourite Ibstock Johnsen firmed 7 to 177p.

ICI benefited from the market's overall firmer performance and closed ¼ higher at £15¼. Wardle Storeys rose 30 to 780p in a limited market, while British Dredging gained 12 to 287p reflecting renewed speculative buying.

Stores staged a noteworthy rally and finished around the session's best levels. Gains extended into double-figures as the sector, inevitably unsettled recently by increased interest rate worries and fears that the Government *might attempt to curb current* buoyant consumer spending, led retail counters into better ground. Mr George Davies' Next featured, rising another 13 to 324p on further consideration of last Friday's bullish circular from Wood Mackenzie, the securities house. Similar gains were established by Burton, 294p, Woolworth, 351p, and Dixons, 337p. Sears were particularly lively and rallied 8 to 167p as stakebuilding rumours resurfaced., while Marks and Spencer, in receipt of an active traded option business, hardened a few pence to 235½p. Secondary Stores highlighted fashion clothing group French Connection which responded to a favourable mention with an advance of 28 to 230p. Top Value rose 4 to 119p for a similar reason. The general recovery in equities directed occasional "cheap" support to perennial asset value situations such as Amber Day, finally 6 up at 104p, Bentalls, 13 to the good at 188p, and S. Casket, 11 better at 168p.

Racal continued to make strong progress in the wake of the highly successful US market debut of McCaw Corporation; American buying was gain widespread and Racal shares moved up strongly to close a net 4 higher at 316½p. Phicom were 7 higher at 34p ahead of Tuesday's interim figures.

Hawker met with persistent US demand and closed 31 to the good at 599p in a volume of 1.2m shares; the advance was accompanied by revived talk of a possible bid from BTR. Among the other Engineering issues, acquisition news left A. Lee 5 to the good at 111p, while *Press mention prompted a rise of* 17 to 253p in Birmingham Mint. Glynwed, scheduled to reveled half-year figures tomorrow, improved 17 to 253p. Buying interest revived in APV Baker, up 10 at 752p, while Downibreae came back to prominence with a gain of 9 at 140p. Publicity given to a Greenwell Montagu circular left TI Group 11 dearer at 387p.

Food Manufacturers adopted a firm stance ahead of the forthcoming interim dividend season. A squeeze on bear positions lifted Rowntree 18 to 575p; the half-year figures are due on September 10. Cadbury Schweppes enjoyed a reasonable two-way trade and closed 6 better at 266p; the interim results are due on September 3. United Biscuits edged up a couple of penceto 317p. Elsewhere, Tate and Lyle, a subdued market of late, revived strongly with a gain of 20 at 848p, while Ranks Hovis McDougall firmed 4 afresh to 342p on takeover hopes. Retailers showed ASDA-MFI 4 up at 194p pending the outcome of the MFI auction. Argyll were a firm market at 425p, up 12, while Dee Corporation rose 8 to 225p amid vague takeover rumours. Elsewhere, Albert Fisher rose 9 to 202p following US acquisition details.

A brighter Hotel sector showed Grand Metropolitan 12 higher at 534p and Ladbroke 8 reader at 450p; the latter's half-year figures are due on Thursday.

*Hanson Trust*, up 4½ at 190p, in a volume of some 8.5m shares awaiting today's third quarter figures provided one of the few areas of activity. Other miscellaneous industrial leaders traded on a quietly firm note with most quotations closing a few pence below the best. BOC, however, held most of an earlier gain at 528p, up 9.

The interim figures from Low and Bonar, up 16 at 304p, were in line with expectations, yesterday's advance in the share price being mainly attributed to bid hopes. Burns Anderson firmed 6 to 202p in response to the sale of Knibbs, its Manchester based motor dealers for £825,000. Weekend Press comment stimulated interest in Hestair which put on 7 to 369p, while Unigate, still benefiting from a recent "buy" recommendation from Chase Manhattan Securities, improved 9 more to 172p. British Airway's were *fairly active (some 2.4m* shares changed hands) and settled 8 dearer at 200p. Hawthorn Leslie hardened 1½ to 45½p following acquisition news.

Latest surveys highlighting the shortage of London office space *and the consequent sharp rise in* rents lent support to the Property sector currently recovering from the recent base rate hike. Land Securities picked up 13 at 523p and MEPC firmed 10 to 502p. British Land, a recent takeover favourite, added 4 *to 319p following* newspaper suggestions of a possible bid from Rosehaugh, while Great Portland Estates, also the subject of weekend Press comment, gained 6 to 288p.

Shippings provided a couple of firm features in P & O Deferred which improved 8½ to 657½p on support ahead of the forthcoming interim results which last year were announced on September 3, and Mersey Docks, finally 25 dearer at 203p following Press comment.

Courtaulds followed the other leading issues higher, closing a few pence below the best at 467p up 9 in a small volume of trade.

Edinburgh Fund Managers dipped 13 to 363p after revealing slightly disappointing first-half figures—largely attributable to a setback in unit trust trading profits. BZW regard the shares as "fully valued."

The latest slide by crude oil prices— Brent for October delivery dropped from $18.25 to $17.40 amid frther rumours that Opec oil output in currently exceeding Opec's agreed output levels, hit oil and gas shares. British Gas drifted 2 to 169p while BP dipped 7½ to 341p and Britoil 8 to 308p. Enterprise Oil lost 13 to 278p and LASMO 7 to 316p.

Elsewhere, Jackson Exploration spurted 6 to 35p on newspaper comment highlighting the reduced loss, the expansion plans *and the deal with Inoco.*

The marked recovery in London equities prompted useful demand for call option positions which finally accounted for 33,081 trades out of a total of 39,973. In contrast to last Friday's business, operators directed their attentions throughout the list with BP and Marks and Spencer well to the fore. The former attracted 3,153 calls, the October 330s and 420s contributing 1,608 and 1,115 trades respectively, following hedging operations as the underlying share price dipped mirroring the fal in the crude oil price. Marks recorded 3,200 calls, the majority of which were struck in the October 240 series. Lively trading was also noted for British Gas and Rolls Royce options, while Friday's favourite Hanson Trust attracted 2,141 calls, 1,109 in the September 180s, and 547 puts awaiting today's third-quarter figures. Business in the FT-SE 100 index, although reduced from recent active levels, still accounted for 2,711 calls and 1,935 puts.

### FINANCIAL TIMES STOCK INDICES

| | Aug. 24 | Aug. 21 | Aug. 20 | Aug. 19 | Aug. 18 | Year ago | 1987 High | 1987 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 85.55 | 85.23 | 85.11 | 86.18 | 86.36 | 89.54 | 93.32 (8/5) | 84.49 (6/1) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 92.19 | 92.48 | 92.82 | 93.71 | 93.45 | 95.72 | 99.12 (15/6) | 90.23 (2/1) | 105.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary ♥ | 1752.1 | 1727.2 | 1,700.2 | 1,712.4 | 1,732.2 | 1,271.2 | 1,926.2 (16/7) | 1,320.2 (2/1) | 1,926.2 (16/7/87) | 49.4 (26/6/40) |
| Gold Mines | 416.5 | 418.8 | 429.3 | 422.9 | 408.6 | 235.9 | 497.5 (4/8) | 288.2 (19/2) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| Ord. Div. Yield | 3.29 | 3.34 | 3.39 | 3.37 | 3.33 | 4.35 | | | | |
| Earnings Yld.%(full) | 8.07 | 8.19 | 8.31 | 8.37 | 8.27 | 10.52 | | | | |
| P/E Ratio (net) (*) | 15.22 | 15.00 | 14.78 | 14.63 | 14.80 | 11.59 | | | | |
| SEAQ Bargains (5 pm) | 40,534 | 43,885 | 37,877 | 31,858 | 31,528 | — | | | | |
| Equity Turnover (£m) | — | 1,083.14 | 1,788.82 | 1,435.65 | 1,525.91 | 451.04 | | | | |
| Equity Bargains | — | 46,525 | 39,844 | 37,723 | 37,916 | 16,348 | | | | |
| Shares Traded (ml) | — | 591.0 | 475.2 | 464.6 | 426.9 | 201.6 | | | | |

**S.E. ACTIVITY**

| Indices | Aug. 21 | Aug. 20 |
|---|---|---|
| Gilt Edged Bargains | 117.8 | 119.0 |
| Equity Bargains | 301.5 | 258.2 |
| Equity Value | 2189.3 | 3615.7 |
| 5-Day Average | | |
| Gilt Edged Bargains | 110.2 | 111.2 |
| Equity Bargains | 263.9 | 255.0 |
| Equity Value | 2832.8 | 2846.8 |

| ♥ Opening | 10 a.m. | 11 a.m. | Noon | 1 p.m. | 2 p.m. | 3 p.m. | 4 p.m. |
|---|---|---|---|---|---|---|---|
| 1739.0 | 1749.3 | 1753.7 | 1757.1 | 1757.0 | 1756.8 | 1748.7 | 1749.4 |

Day's High 1758.0 Day's Low 1739.0. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=14.96

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

### NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (39)

AMERICANS (3), CANADIANS (2), BUILDINGS (1), STORES (2), ELECTRICALS (6), ENGINEERING (4), FOODS (2), HOTELS (1), INDUSTRIALS (14), INSURANCE (2), LEISURE (2), MOTORS (2), PAPERS (2), PROPERTY (1), TRUSTS (9), OILS (2), MINES (4).

NEW LOWS (7)

AMERICANS (1) BASIX Corp, BANKS (1) MCorp, CHEMICALS (1) Novo Inds., PROPERTY (1), Land Securities 10pc 2025, TOBACCOS (1), BATS Inds 12¼pcLn, TRUSTS (1) G. Rintoul Pref, OILS (1) ELF UK 12¼pcLn.

### Traditional Options

- First dealings Aug 17
- Last dealings Aug 28
- Last declaration Nov 19
- For Settlement Nov 30

*For rate indications see end of London Share Service*

Call options were taken out in Bula Resources, S. Casket, Phicom, Willis Faber, Queens Moat House, Norfolk Capital, Elswick, Property Trust, Amstrad, Howard Holdings, Northern Foods, Trimoco, Blacks Leisure, St. Modwen, Dares Estates, Walter Runciman, BBA, FKI, Tootal, Hartwells, Dalepak, London Investment Trust, Abaco, Brown and Jackson, Storehouse, Unigate, Racal, Barker and Dobson, Rothmans, Marks and Spencer, Tuskar, Dee Corporation, *Equity and Law, Astra Holdings*, Five Oaks, Randsworth and Martin Ford. No put or double were reported.

### TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

| Stock | Volume 000's | Closing price | Day's change | Stock | Volume 000's | Closing price | Day's change |
|---|---|---|---|---|---|---|---|
| ASDA-MFI | 5,900 | 194 | +4 | Ladbroke | 408 | 450 | +8 |
| Allied Lyons | 726 | 411 | +8 | Land Securities | 818 | 523 | +13 |
| Amstrad | 2,400 | 163 | +5 | Legal & Gen. | 1,000 | 304 | +1½ |
| Argyll Group | 1,700 | 425 | +12 | Lloyds Bank | 415 | 345 | +1 |
| Assoc. Brit. Foods | 192 | 362½ | +3½ | Lonrho | 356 | 291 | +1 |
| BAT | 350 | 639 | +14 | Lucas | 289 | 720 | −2 |
| BET | 583 | 265 | +1 | MEPC | 216 | 502 | +10 |
| B[illegible] | 373 | 371 | +6 | Marks & Spencer | 6,100 | 235½ | +2½ |
| BOC | 1,600 | 529 | +9 | Midland Bank | 1,000 | 455 | — |
| BPB Inds | 1,100 | 374 | +10 | Natwest Bank | 1,000 | 723 | +11 |
| BPCC | 1,500 | 346 | +7 | Next | 2,000 | 324 | +13 |
| BTR | 959 | 335 | +10 | Pearson | 977 | 742xd | +5 |
| Barclays | 1,400 | 560 | +11 | P & O | 435 | 657½ | +8½ |
| Bass | 195 | 913 | +5 | Pilkington Bros | 3,900 | 295 | +9 |
| Beecham | 1,500 | 539 | +4 | Plessey | 2,900 | 193xd | +1½ |
| Blue Circle | 373 | 474 | +10 | Prudential | 213 | 983 | −1 |
| Boots | 1,700 | 306 | +5 | Racal | 11,000 | 316½ | +4 |
| Brit. Airways | 2,400 | 200 | +8 | Rank Org. | 245 | 712 | +4 |
| Brit. Aero | 935 | 477 | +9 | RHM | 1,380 | 342 | +4 |
| Brit. & Comm. | 215 | 485 | +1 | Reckitt & Col | 228 | £11⅛ | +⅛ |
| British Gas | 5,200 | 169 | −2 | Redland | 397 | 491 | +9 |
| Britoil | 1,500 | 308 | −8 | Reed Intl. | 621 | 494 | +5 |
| BP | 5,600 | 341xd | −7½ | Reuters | 612 | 865 | +3 |
| Brit. Telecom | 4,900 | 266½ | +4½ | RMC | 406 | 468 | +14 |
| Bunzl | 1,800 | 240 | +15 | RTZ | 744 | £12⅛ | +⅛ |
| Burton | 4,100 | 294 | +6 | Rolls-Royce | 9,000 | 110 | +3 |
| Cable & Wire | 1,200 | 430 | +1 | Rowntree | 1,000 | 575 | +18 |
| Cadbury Schwps | 3,500 | 266 | +6 | Ryl Bank Scotland | 225 | 397 | +7 |
| Coats Viyella | 731 | 349½ | +1½ | Royal Insurance | 4,400 | 503 | +7 |
| Comm. Union | 864 | 354xd | +4½ | STC | 707 | 289 | +1 |
| Cons. Gold | 495 | £13¾ | — | Saatchi & Saatchi | 88 | 645xd | +2½ |
| Cookson | 252 | 738 | +7 | Sainsbury | 377 | 265 | +3 |
| Courtaulds | 749 | 467 | +9 | Scott & Newcastle | 1,000 | 248 | +7 |
| Dee Corpn | 4,600 | 225 | +8 | Sears | 5,200 | 167 | +8 |
| Dixons Group | 1,900 | 337 | +11 | Sedgwick | 270 | 312½ | −1½ |
| English China Clays | 384 | 474xd | −½ | Shell Trans | 1,000 | £13½ | −⅛ |
| Fisons | 1,200 | 343 | +7 | Smith & Nephew | 713 | 167½xd | +1 |
| Gen. Accident | 169 | 943 | −1 | Standard Chart | 347 | 798xd | +⅛ |
| Gen. Elect | 3,200 | 215 | +5 | Storehouse | 6,900 | 389 | +12 |
| Glaxo | 1,400 | £17¼ | +⅛ | Sun Alliance | 391 | 950 | +2 |
| Globe Investment | 262 | 179¼ | −½ | TSB | 3,300 | 80¼ | +½ |
| Granada | 297 | 317 | +5 | Tarmac | 4,200 | 282 | +9 |
| Grand Met | 2,800 | 534xd | +12½ | Tesco | 1,200 | 178 | +3 |
| GUS "A" | 193 | £12½ | +⅛ | Thorn EMI | 1,000 | 670 | +6 |
| Guardian R.E. | 805 | 938 | +4 | Trafalgar House | 710 | 380 | +10 |
| GKN | 1,600 | 365xd | +10½ | T'house Forte | 2,600 | 252xd | +3 |
| Guinness | 1,400 | 334 | +10 | Ultramar | 3,400 | 260xd | −9½ |
| Hammerson | 174 | 608 | +12 | Unigate | 1,500 | 405 | +3 |
| Hanson Trust | 9,000 | 190 | +4½ | Unilever | 1,300 | 639 | — |
| Hawker Sidd | 1,200 | 599 | +31 | United Biscuits | 662 | 317 | +2 |
| Hillsdown Hldgs | 738 | 317 | +7 | Wellcome | 561 | 444 | +6 |
| ICI | 2,700 | £15¼ | +¼ | Whitbread "A" | 1,000 | 331 | +9 |
| Jaguar | 561 | 565 | +3½ | Woolworth | 1,200 | 351 | +14 |

### RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 108 | 0 | 5 |
| Corporations, Dominion and Foreign Bonds | 14 | 0 | 42 |
| Industrials | 846 | 206 | 524 |
| Financial and Properties | 261 | 103 | 244 |
| Oils | 31 | 37 | 47 |
| Plantations | 4 | 2 | 8 |
| Mines | 49 | 76 | 65 |
| Others | 78 | 89 | 102 |
| Totals | 1,391 | 513 | 1,037 |

## FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| | EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Mon Aug 24 Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (ACT at 27%) | Est. P/E Ratio (Net) | xd adj. 1987 to date | Fri August 21 Index No. | Thur August 20 Index No. | Wed August 19 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (212) | 940.23 | +1.3 | 7.38 | 2.92 | 17.04 | 14.50 | 927.89 | 912.67 | 918.43 | 690.00 |
| 2 | Building Materials (30) | 1173.83 | +1.4 | 7.59 | 2.93 | 16.41 | 17.82 | 1157.40 | 1133.51 | 1147.47 | 798.44 |
| 3 | Contracting, Construction (33) | 1688.78 | +1.1 | 7.15 | 2.84 | 18.71 | 20.05 | 1670.56 | 1649.36 | 1664.65 | 1238.18 |
| 4 | Electricals (12) | 2432.21 | +1.5 | 6.07 | 3.16 | 21.25 | 41.07 | 2396.10 | 2348.58 | 2380.53 | 1857.90 |
| 5 | Electronics (35) | 2826.31 | +1.0 | 7.96 | 2.46 | 16.37 | 33.73 | 2086.09 | 1969.81 | 1962.28 | 1529.03 |
| 6 | Mechanical Engineering (60) | 508.15 | +1.5 | 7.93 | 3.34 | 15.80 | 8.99 | 500.44 | 494.78 | 498.27 | 387.63 |
| 8 | Metals and Metal Forming (7) | 543.05 | +1.7 | 7.16 | 2.90 | 16.85 | 6.86 | 533.79 | 531.54 | 535.14 | 338.40 |
| 9 | Motors (14) | 382.53 | +0.7 | 7.67 | 2.88 | 15.27 | 5.40 | 380.01 | 375.31 | 378.42 | 272.42 |
| 10 | Other Industrial Materials (21) | 1592.49 | +1.7 | 6.03 | 3.06 | 20.00 | 24.27 | 1565.62 | 1533.67 | 1546.57 | 1226.79 |
| 21 | CONSUMER GROUP (183) | 1296.16 | +1.5 | 6.10 | 2.63 | 21.04 | 16.52 | 1276.49 | 1260.64 | 1272.71 | 925.32 |
| 22 | Brewers and Distillers (22) | 1148.83 | +1.7 | 8.15 | 3.11 | 15.52 | 15.79 | 1129.59 | 1112.85 | 1138.06 | 925.32 |
| 25 | Food Manufacturing (24) | 1015.91 | +1.2 | 6.90 | 3.01 | 18.82 | 15.60 | 1004.10 | 989.06 | 995.40 | 696.59 |
| 26 | Food Retailing (16) | 2393.86 | +1.9 | 5.46 | 2.42 | 25.03 | 36.46 | 2349.50 | 2322.02 | 2333.61 | 1924.79 |
| 27 | Health and Household Goods (10) | 2522.38 | +1.0 | 4.05 | 1.59 | 28.86 | 16.41 | 2498.59 | 2462.28 | 2477.66 | 1509.42 |
| 29 | Leisure (31) | 1360.93 | +1.4 | 6.05 | 3.18 | 21.41 | 24.25 | 1342.07 | 1324.60 | 1324.16 | 916.85 |
| 31 | Packaging & Paper (15) | 676.17 | +2.7 | 6.04 | 2.57 | 21.91 | 8.51 | 658.23 | 654.46 | 665.52 | 487.00 |
| 32 | Publishing & Printing (13) | 4358.73 | +1.4 | 4.75 | 3.26 | 26.97 | 59.63 | 4297.09 | 4275.48 | 4300.47 | 2520.25 |
| 34 | Stores (36) | 1059.23 | +2.1 | 6.70 | 2.74 | 20.26 | 13.30 | 1037.09 | 1023.66 | 1037.43 | 887.22 |
| 35 | Textiles (16) | 802.68 | +0.9 | 7.72 | 2.79 | 15.02 | 11.83 | 795.25 | 795.19 | 801.44 | 518.37 |
| 40 | OTHER GROUPS (88) | 1116.31 | +1.4 | 7.77 | 3.16 | 16.08 | 18.12 | 1100.96 | 1089.83 | 1100.56 | 770.45 |
| 41 | Agencies (16) | 1678.17 | +0.4 | 4.16 | 1.44 | 31.61 | 14.64 | 1671.32 | 1657.48 | 1664.05 | 0.00 |
| 42 | Chemicals (22) | 1429.34 | +1.4 | 6.89 | 3.19 | 17.74 | 31.40 | 1409.45 | 1388.24 | 1391.53 | 936.21 |
| 43 | Conglomerates (12) | 1451.64 | +1.6 | 7.36 | 3.19 | 15.54 | 20.26 | 1428.71 | 1416.97 | 1411.42 | 0.00 |
| 45 | Shipping and Transport (12) | 2225.85 | +1.3 | 7.23 | 3.58 | 18.42 | 39.02 | 2196.78 | 2174.84 | 2203.07 | 1477.74 |
| 47 | Telephone Networks (2) | 1066.35 | +1.4 | 9.51 | 3.79 | 14.03 | 18.98 | 1051.68 | 1043.26 | 1068.43 | 791.58 |
| 48 | Miscellaneous (24) | 1617.90 | +1.7 | 8.58 | 2.75 | 13.96 | 21.14 | 1591.52 | 1575.32 | 1594.81 | 1067.33 |
| 49 | INDUSTRIAL GROUP (483) | 1169.25 | +1.4 | 6.89 | 2.95 | 18.38 | 16.81 | 1152.57 | 1137.82 | 1147.86 | 833.70 |
| 51 | Oil & Gas (17) | 2135.34 | −2.6 | 7.74 | 4.42 | 15.97 | 56.53 | 2193.23 | 2190.64 | 2168.00 | 1341.95 |
| 59 | 500 SHARE INDEX (500) | 1251.29 | +0.8 | 7.01 | 3.87 | 17.99 | 20.24 | 1240.92 | 1227.19 | 1236.47 | 877.07 |
| 61 | FINANCIAL GROUP (119) | 795.17 | +0.9 | — | 3.81 | — | 16.87 | 788.10 | 784.96 | 786.86 | 603.19 |
| 62 | Banks (8) | 802.73 | +0.9 | 16.64 | 4.84 | 7.95 | 25.65 | 795.29 | 787.37 | 786.74 | 643.11 |
| 65 | Insurance (Life) (9) | 1063.52 | +0.1 | — | 3.97 | — | 21.09 | 1062.45 | 1064.38 | 1066.85 | 875.67 |
| 66 | Insurance (Composite) (7) | 579.93 | +0.4 | — | 4.57 | — | 13.39 | 577.77 | 579.68 | 579.00 | 486.38 |
| 67 | Insurance (Brokers) (9) | 1265.09 | +0.8 | 9.35 | 4.40 | 13.70 | 26.47 | 1255.00 | 1242.86 | 1248.62 | 1224.22 |
| 68 | Merchant Banks (11) | 498.22 | +1.4 | — | 2.72 | — | 6.92 | 491.38 | 491.87 | 493.88 | 340.86 |
| 69 | Property (47) | 1206.82 | +1.8 | 3.96 | 2.45 | 32.65 | 13.34 | 1185.31 | 1181.07 | 1188.91 | 766.11 |
| 70 | Other Financial (28) | 548.91 | +0.4 | 6.14 | 2.80 | 20.63 | 7.91 | 546.92 | 543.77 | 547.73 | 344.61 |
| 71 | Investment Trusts (91) | 1129.12 | +0.1 | — | 2.14 | — | 13.02 | 1127.92 | 1120.41 | 1123.50 | 784.87 |
| 81 | Mining Finance (2) | 625.81 | +0.3 | 5.39 | 2.65 | 21.29 | 6.79 | 623.97 | 635.11 | 642.56 | 275.92 |
| 91 | Overseas Traders (10) | 1159.39 | +0.5 | 7.86 | 4.06 | 15.11 | 29.58 | 1153.24 | 1146.00 | 1155.15 | 637.85 |
| 99 | ALL-SHARE INDEX (722) | 1134.37 | +0.8 | — | 3.15 | — | 19.00 | 1125.31 | 1114.81 | 1120.81 | 798.38 |

| | Index No. | Day's Change | Day's High | Day's Low | August 21 | August 20 | August 19 | August 18 | August 17 | Year ago |
|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 SHARE INDEX ‡ | 2225.1 | +19.3 | 2236.5 | 2219.8 | 2205.8 | 2185.3 | 2197.6 | 2224.8 | 2259.6 | 1616.2 |

### FIXED INTEREST

| | PRICE INDICES | Mon August 24 | Day's change % | Fri August 21 | xd adj. today | xd adj. 1987 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | 5 years | 120.17 | +0.17 | 120.33 | 0.36 | 7.45 |
| 2 | 5-15 years | 133.55 | +0.38 | 133.22 | 0.18 | 9.68 |
| 3 | Over 15 years | 141.59 | +0.40 | 141.02 | — | 8.81 |
| 4 | Irredeemables | 156.86 | +0.72 | 155.73 | — | 7.27 |
| 5 | All stocks | 131.44 | +0.33 | 131.22 | 0.21 | 8.82 |
| | Index-Linked | | | | | |
| 6 | 5 years | 120.36 | −0.01 | 120.37 | — | 2.18 |
| 7 | Over 5 years | 111.96 | +0.66 | 111.22 | — | 2.40 |
| 8 | All stocks | 112.49 | +0.60 | 111.81 | — | 2.37 |
| 9 | Debentures & Loans | 114.82 | −1.34 | 116.97 | 0.58 | 6.95 |
| 10 | Preference | 84.67 | +0.05 | 84.55 | 0.32 | 3.80 |

**AVERAGE GROSS REDEMPTION YIELDS** (Mon August 24 / Fri August 21 / Year ago (approx.)): British Government — Low Coupons 5 years, 15 years, 25 years; Medium Coupons 5 years, 15 years, 25 years; High Coupons 5 years, 15 years, 25 years; Irredeemables; Index-Linked — Inflat'n rate 5% 5 yrs., Over 5 yrs.; Inflat'n rate 10% 5 yrs., Over 5 yrs.; Debs & Loans 5 years, 15 years, 25 years; Preference. [illegible]

‡Opening index 2220.7; 10 am 2229.2; 11 am 2231.9; Noon 2235.6; 1 pm 2235.0; 2 pm 2234.6; 3 pm 2225.4; 3.30 pm 2219.9; 4 pm 2223.5

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

NAME CHANGES: Mercantile International to Warburg (S. G.) Group (68), Rio Tinto-Zinc Corporation to RTZ Corporation and Watsham's to Optical & Medical (10).

## LONDON TRADED OPTIONS

| Option | | Calls Oct. | Calls Jan. | Calls Apr. | Puts Oct. | Puts Jan. | Puts Apr. |
|---|---|---|---|---|---|---|---|
| Allied Lyons (*409) | 390 | 33 | 45 | 57 | 10 | 15 | 22 |
| | 420 | 18 | 30 | 40 | 25 | 35 | 38 |
| | 460 | 5 | 15 | 25 | 55 | 60 | 65 |
| Brit. & Comm. (*485) | 460 | 43 | 55 | 68 | 17 | 20 | 22 |
| | 500 | 22 | 35 | 50 | 30 | 37 | 40 |
| | 550 | 8 | 18 | 30 | 67 | 70 | 70 |

[illegible]

August 24. Total Contracts 39,973. Calls 33,081. Puts 6,892. FT-SE Index Calls 2,711. Puts 1,935. *Underlying security price.

## LONDON RECENT ISSUES

### EQUITIES

| Issue Price | Amount Paid up | Latest Renunc. Date | 1987 High | 1987 Low | Stock | Closing Price | + or − | Net Div. | Times Cov'd | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| £110 | F.P. | 18/9 | 121 | 111 | Adscene | 113 | ..... | 12.5 | 1.9 | 3.0 | 23.9 |
| 245 | 100 | 28/8 | 147 | 130 | BAA | 136 | +1 | 16.6 | 2.4 | 3.2 | 17.5 |
| †† | F.P. | — | 84 | 65 | BHP Gold Mines A$0.25 | 77 | +4 | — | — | — | — |

[illegible]

### FIXED INTEREST STOCKS

[illegible]

### "RIGHTS" OFFERS

[illegible]

# WORLD STOCK MARKETS

## AUSTRIA

| Aug. 24 | Price Sch% | + or − |
|---|---|---|
| Creditanstalt | 2115.00 | ...... |
| Goesser | 3130.00 | +10 |
| Interunfall | 12300.00 | ...... |
| Jungbunzlauer | 8900 | ...... |
| Laenderbank | 1950.00 | −10 |
| Perlmooser | 725.00 | ...... |
| Steyr-Daimler | 124.00 | +3 |
| Veitscher Mag | 825.00 | +5 |

## BELGIUM/LUXEMBOURG

| Aug. 24 | Price Frs. | + or − |
|---|---|---|
| B.B.L. | 3385 | −5 |
| Banque Gen. Du L. | 14875 | ...... |
| Bank Int. A | 14300 | ...... |
| Bekaert B | 12200 | ...... |
| Ciment CBR | 6490 | +40 |
| Cockerill | 177 | ...... |
| Delhaize | 4580 | ...... |
| EBES | 5200 | −10 |
| Fabrique Nat | 1545 | +10 |
| GB Inno BM | 1302 | −36 |
| GBL (Brux) L | 4305 | −25 |
| Generale Bank | 6640 | +40 |
| Gevaert | 8780 | +80 |
| Hoboken | 8390 | −60 |
| Intercom | 4200 | +20 |
| Kredietbank | 4830 | +110 |
| Pan Holdings | 19400 | ...... |
| Petrofina | 14175 | +50 |
| Raffinerie Tirle | 1825 | ...... |
| Royale Belge | 6270 | +40 |
| Soc Gen Belge | 3960 | −40 |
| Sofina | 15825 | −650 |
| Solvay | 14850 | −150 |
| Stanwick Intl. | 550 | ...... |
| Tractebel | 8400 | +50 |
| UCB | 11125 | −450 |
| Wagons Lits | 5900 | −50 |

## DENMARK

| Aug. 24 | Price Kr % | + or − |
|---|---|---|
| Baltica Skand | 1060.00 | ...... |
| Cop Handelsbank | 267.00 | ...... |
| D. Sukkerfab | 311.00 | ...... |
| Den Danske Bank | 361.00 | +1 |
| East Asiatic | 201.00 | −1 |
| Forenede Brygg | 940 | +5 |
| GNT Holding | 255.00 | ...... |
| I.S.S.B. Systems | 850.00 | ...... |
| Jyske Bank | 500.00 | ...... |
| Novo Inds.* | 230.00 | −3 |
| Privatbanken | 274.00 | ...... |
| Sophus Berendsen | 1020.00 | +25 |
| Superfos | 236.00 | −2 |

## FINLAND

| Aug. 24 | Price Mka | + or − |
|---|---|---|
| Amer | 257.5 | +3 |
| KOP | 56.25 | −0.1 |
| Kone | 247.5 | +2.5 |
| Finnish Sugar | 90.75 | −1 |
| Nokia | 215 | −4.5 |
| Pohjola 'B' | 112.5 | ...... |
| Rauma-Repola | 34 | −0.75 |
| Stockmann 'B' | 262.5 | −3 |
| UBF 'C' | 35.75 | +0.05 |
| Utd. Paper | 166 | −0.5 |
| Wartsila (s11) | 254.5 | +2.5 |

## FRANCE

| Aug. 24 | Price Frs. | + or − |
|---|---|---|
| Emprunt 4½% '73 | 1902 | −3 |
| Emprunt 7% 1973 | 9030 | −20 |
| Accor | 467.50 | +3 |
| Agence Havas | 535.00 | ...... |
| Air Liquide | 688 | +13 |
| Alcatel | 2991 | +14 |
| BIC | 750 | +15 |
| BNP (Cert. Inv.) | 534 | ...... |
| Bongrain | 2910 | −39 |
| Bouygues | 1201 | +2 |
| BSN Gervais | 5050 | +65 |
| Carrefour | 3381 | +60 |
| Club Mediterranee | 678.00 | +21 |
| Cie Bancaire | 723 | +33 |
| Cofimeg | 330 | +5 |
| CGE | 338.30 | +3.3 |
| Damart | 3040 | −30 |
| Darty | 440 | +7 |
| Dumez S.A. | 1114 | +14 |
| Eaux (Cie Gen) | 1260 | +5 |
| Elf-Aquitaine | 366.00 | +8 |
| Essilor | 3950 | +70 |
| Gen. Occidentale | 1066 | −9 |
| Imetal | 176.00 | +4.8 |
| Lafarge Coppee | 1670 | +43 |
| L'Oreal | 3880 | +20 |
| Legrand | 2780.00 | +20 |
| Maisons Phenix | 63 | −5 |
| Matra S.A. | 2175 | +75 |
| Michelin B | 342 | +4 |
| Midi (Cie) | 1260 | ...... |
| Moet-Hennessy | 2985 | +5 |
| Moulinex | 70 | ...... |
| Nord Est | 161.10 | +2.5 |
| Paribas | 431.50 | +3.5 |
| Pernod Ricard | 994.00 | +14 |
| Perrier | 865 | +24 |
| Petroles Fra. | 435 | +5 |
| Peugeot S.A. | 1587 | +28 |
| Printemps Au | 778 | +30 |
| Radiotech | 1615 | −20 |
| Redoute | 3230 | +30 |
| Roussel-Uclaf | 1497 | +19 |
| St. Gobain | 480.00 | −1 |
| Sefimeg | 450 | +20 |
| Skis Rossignol | 1200 | +2 |
| Telemech Elect. | 3370 | +70 |
| Thomson (CSF) | 1267 | +47 |

## GERMANY

| Aug. 24 | Price Dm. | + or − |
|---|---|---|
| AEG | 350.10 | −1.7 |
| Allianz Vers | 2100.00 | −8 |
| BASF | 334.40 | −4.4 |
| Bayer | 353.90 | −2.4 |
| Bayer-Hypo | 505.00 | −5 |
| Bayer-Verein | 485.00 | −4 |
| BHF-Bank | 482.00 | −3 |
| BMW | 755.00 | ...... |
| Brown Boveri | 355.50 | −6.5 |
| Commerzbank | 300.50 | −1.5 |
| Cont'l Gummi | 370.00 | −4 |
| Daimler-Benz | 1148.50 | −5.5 |
| Degussa | 536.00 | −4 |
| D'sche Babcock | 243.00 | −1 |
| Deutsche Bank | 697.80 | −3.7 |
| Dresdner Bank | 358.00 | −6.5 |
| Feldmuehle Nobel | 334.00 | −2 |
| Henkel | 558.00 | +2.5 |
| Hochtief | 735.00 | +2 |
| Hoechst | 327.80 | −4.4 |
| Hoesch Werke | 135.00 | −1 |
| Holzmann (P) | 467.00 | +5 |
| Horten | 243.00 | −4 |
| Hussel | 654.00 | +3 |
| Karstadt | 554.50 | −0.5 |
| Kaufhof | 504.00 | +0.5 |
| KHD | 190.50 | −4 |
| Kloeckner Werke | 141.00 | −2 |
| Linde | 765.00 | −5 |
| Lufthansa | 185.00 | −8.5 |
| MAN | 202.00 | +2.5 |
| Mannesmann | 183.50 | −2 |
| Mercedes Hld. | 1019.00 | −5.5 |
| Metallgesell | 370.00 | −10 |
| Muench Rueck | 2095 | +25 |
| Nixdorf | 846.50 | −6 |
| Porsche | 995 | −5 |
| Preussag | 201.50 | −2.5 |
| Rhein West Elect. | 266.50 | ...... |
| Rosenthal | 289.00 | +1 |
| Schering | 625.00 | −1 |
| Siemens | 666.10 | −8.9 |
| Thyssen | 138.50 | +0.5 |
| Varta | 359.00 | −1 |
| Veba | 320.10 | −1.1 |
| V.E.W. | 180.00 | +7.5 |
| Verein-West | 463.00 | ...... |
| Volkswagen | 402.70 | +0.7 |

## ITALY

| Aug. 24 | Price Lire | + or − |
|---|---|---|
| Banca Com'le | 2820 | −90 |
| Bastogi-IRBS | 450 | −23 |
| CIR | 5215 | −105 |
| Credito Italian | 1851 | +23 |
| Fiat | 10270 | −380 |
| Generali Assicur | 119150 | −3000 |
| Italcement | 104000 | −4000 |
| La Rinascenti | 1025 | −24 |
| Montedison | 2140 | −69 |
| Olivetti | 10840 | −310 |
| Pirelli Co | 5700 | −70 |
| Pirelli Spa | 4190 | −122 |
| Saipem | 3600 | −40 |
| Snia BPD | 3210 | −70 |
| Toro Assic | 26750 | −1030 |

## NETHERLANDS

| Aug. 24 | Price Fls. | + or − |
|---|---|---|
| ACF Holding | 66.20 | −0.6 |
| AEGON | 100.50 | +1.4 |
| Ahold | 109.50 | −0.3 |
| AKZO | 175.00 | −0.8 |
| ABN | 510.00 | +4.5 |
| AMEV | 69.80 | +0.5 |
| AMRO | 90.00 | +1 |
| Buehrmann-Tet | 63.00 | +2.5 |
| Dordtsche Petroleum | 244.80 | −5.7 |
| Elsevier Ndu | 60.20 | −2.3 |
| Fokker | 55.30 | +0.6 |
| Gist Brocades | 51.50 | −1.5 |
| Heineken | 192.80 | +1.1 |
| Hoogovens | 48.50 | +1.5 |
| Hunter Douglas | 62.80 | −0.7 |
| IHC Caland | 23.00 | +0.1 |
| Int Mueller | 71.00 | +0.5 |
| KLM | 55.80 | −0.2 |
| KNP | 167.00 | −0.5 |
| Nat Ned Cert | 80.70 | +0.3 |
| Ned Mid Bank | 176.00 | +0.6 |
| Ned Lloyd | 184.20 | +4.2 |
| Oce Grinten | 464.50 | −0.5 |
| Ommeren (Van) | 39.10 | +0.1 |
| Pakhoed | 86.00 | −1.5 |
| Philips | 52.90 | −0.2 |
| Robeco | 113.60 | +0.1 |
| Rodamco | 142.00 | +0.1 |
| Rolinco | 107.70 | +0.8 |
| Rorento | 52.20 | ...... |
| Royal Dutch | 273.20 | −5.3 |
| Unilever | 142.00 | −2 |
| VMF Stork | 25.70 | −0.3 |
| VNU | 94.50 | −1 |
| Wessanen | 93.50 | +0.2 |
| Wolters Samsom | 127.00 | ...... |

## NORWAY

| Aug. 24 | Price Kroner | + or − |
|---|---|---|
| Aker-Norcem | 76.50 | ...... |
| Bergen bank | 207.00 | −2 |
| Bergesen B | 410.00 | −20 |
| Christiania Bk | 218.00 | −2 |
| Den Norsk Credit | 179.00 | −4 |
| Elkem | 141.50 | +1 |
| Kosmos | 157.00 | +6.5 |
| Kvaerner | 247.50 | −0.5 |
| Norsk Data | 276.00 | −3 |
| Norsk Hydro | 239.50 | −4.5 |
| Orkla Borregaard | 514.00 | −13.5 |
| Storebrand | 379.50 | −2.5 |

## SPAIN

| Aug. 24 | Price Pts. % | + or − |
|---|---|---|
| Banco Bilbao | 1580.00 | ...... |
| Banco Central | 1050.00 | −30 |
| Banco Exterior | 475.00 | ...... |
| Banco Hispano | 627.00 | +11 |
| Banco Popular | 1800.00 | ...... |
| Banco Santander | 1274.00 | ...... |
| Banco de Vizcaya | 1860.00 | ...... |
| Banesto | 1010.00 | ...... |
| Dragados | 815.00 | +15 |
| Hidrola | 83.00 | −0.2 |
| Iberduero | 125.00 | +0.3 |
| Petroleos | 647.00 | +20 |
| Telefonica | 234.00 | +4 |

## SWEDEN

| Aug. 24 | Price Kroner | + or − |
|---|---|---|
| AGA (free) | 215.00 | +1 |
| Alfa-Laval | 345.00 | +4 |
| ASEA (Free) | 430.00 | −3 |
| Astra B (Free) | 280 | ...... |
| Atlas Copco | 192.00 | −5 |
| Beijer A Fria | 231.00 | ...... |
| Cardo (Free) | 295.00 | ...... |
| Cellulosa | 341.00 | −1 |
| Electrolux B | 320.00 | +7 |
| Ericsson | 262.00 | −6 |
| Esselte | 195.00 | +3 |
| Mo Och Domsjo | 437.00 | −5 |
| Pharmacia | 227.00 | +4 |
| Saab-Scania (free) | 260.00 | ...... |
| Sandvik | 220.00 | +3 |
| Skandia Ins. | 213.00 | −1 |
| Skandia Intl. | 291.00 | ...... |
| Skan Enskilda | 146.00 | −2 |
| SKF | 363.00 | −6 |
| St. Kopparbergs | 407.00 | −4 |
| Svka Handelsbn | 545.00 | +8 |
| Swedish Match | 113.00 | −1 |
| Volvo B (Free) | 382.00 | +5 |

## SWITZERLAND

| Aug. 24 | Price Frs. | + or − |
|---|---|---|
| Adia Intl. | 12900 | −200 |
| Alusuisse | 890 | −20 |
| Bank Leu | 4025 | −15 |
| Brown Boveri | 3000 | −45 |
| Ciba Geigy | 3900 | −75 |
| do. (PtCts) | 2700 | −30 |
| Credit Suisse | 3410 | −15 |
| Elektrowatt | 3850 | −50 |
| Fischer (Geo.) | 1720 | −20 |
| Hoff-Roche (Pt Cts) | 147000 | ...... |
| Hoff-Roche 1/10 | 14575 | −175 |
| Jacobs Suchard | 9775 | −75 |
| Jelmoli | 3890 | +15 |
| Landis & Gyr | 1820 | +10 |
| Nestle | 10600 | −100 |
| Oer-Buhrle | 1680 | −10 |
| Pargesa Hldg | 2390 | −20 |
| Pirelli | 426 | +2 |
| Sandoz (Br) | 14850 | ...... |
| Sandoz (PtCts) | 2420 | −40 |
| Schindler (PtCts) | 875 | −15 |
| Sika | 775 | ...... |
| Surveillance | 6800 | −140 |
| Swissair | 1420 | −30 |
| Swiss Bank | 519 | ...... |
| Swiss Reinsce | 18000 | −300 |
| Swiss Volksbk | 2300 | −5 |
| Union Bank | 5095 | −35 |
| Winterthur | 7000 | ...... |
| Zurich Ins | 7450 | −125 |

## AUSTRALIA

| Aug. 24 | Price Aust$ | + or − |
|---|---|---|
| ACI Int. | 4.50 | ...... |
| A.F.P. | 3.92 | −0.08 |
| Adelaide Steams | 8.60 | +0.2 |
| Amcor | 5.24 | +0.14 |
| ANZ Group | 4.80 | ...... |
| Ampol Pet | 3.45 | ...... |
| Ariadne Aust | 2.76 | +0.06 |
| Ashton | 3.75 | −0.05 |
| Aust Guarant | 2.95 | +0.05 |
| Aust Nat Inds | 2.13 | −0.01 |
| Bell Group | 9.40 | ...... |
| Bell Resources | 5.34 | +0.04 |
| Bond Corp Hldgs | 2.75 | +0.11 |
| Boral | 6.12 | −0.04 |
| B'ville Copper | 4.72 | +0.02 |
| Brambles Inds | 10.80 | −0.1 |
| Bridge Oil | 1.70 | —— |
| BHP | 10.05 | ...... |
| BHP Gold | 1.66 | −0.01 |
| Burns Philp | 5.64 | +0.1 |
| CRA | 10.15 | −0.05 |
| CSR | 3.92 | −0.01 |
| Chase Corp | 4.20 | +0.1 |
| Claremont Petro | 1.05 | ...... |
| Coles Myer | 8.18 | −0.02 |
| Comalco "A" | 5.00 | −0.04 |
| Consolidated Pet | 0.23 | ...... |
| Costain Aust | 3.35 | ...... |
| Elders IXL | 5.62 | −0.28 |
| Energy Res | 2.70 | −0.1 |
| Gen Prop Trust | 3.50 | +0.1 |
| Goodman Fielder | 4.80 | +0.04 |
| Hardie (J.) | 4.50 | ...... |
| Hartogen Energy | 3.05 | +0.05 |
| ICI Aust | 5.30 | +0.1 |
| Industrial Equity | 5.70 | +0.08 |
| Jimberlana (50cFP) | 0.65 | ...... |
| Jones (David) | 10.60 | −0.5 |
| Kia Ora Gold | 1.00 | −0.05 |
| Kidston Gold | 7.10 | −0.2 |
| Lend Lease | 17.15 | +0.05 |
| MIM | 3.23 | −0.12 |
| Mayne Nickless | 5.80 | +0.06 |
| Nat. Aust. Bank | 5.40 | −0.02 |

## AUSTRALIA (Continued)

| Aug. 24 | Price Aust$ | + or − |
|---|---|---|
| News | 21.90 | +0.4 |
| Noranda Pacific | 4.40 | −0.05 |
| North Bkn Hill | 3.80 | −0.1 |
| Oakbridge | 0.58 | ...... |
| Pacific Dunlop | 5.60 | +0.06 |
| Pancont'l | 4.10 | +0.05 |
| Pioneer Conc | 4.52 | +0.12 |
| Placer Pacific | 3.90 | −0.05 |
| Poseidon | 6.90 | +0.2 |
| Queensland Coal | 1.56 | −0.01 |
| Santos | 7.02 | −0.02 |
| Smith (H.) | 4.90 | ...... |
| Thos Natwide | 5.82 | +0.2 |
| Tooth | 8.30 | ...... |
| Vamgas | 3.90 | ...... |
| Western Mining | 9.30 | −0.26 |
| Westpac | 5.96 | −0.04 |
| Woodside Petrol | 2.30 | ...... |
| Woolworths | 3.57 | +0.02 |
| Wormald Intl | 3.30 | −0.05 |

## HONG KONG

| Aug. 24 | Price H.K.$ | + or − |
|---|---|---|
| Bank East Asia | 32.00 | −0.5 |
| Cathy Pacific | 7.25 | −0.05 |
| Cheung Kong | 12.70 | −0.3 |
| China Light | 26.00 | +0.1 |
| Evergo | 0.90 | −0.01 |
| Hang Lung | 16.70 | ...... |
| Hang Seng Bank | 46.75 | ...... |
| Henderson Land | 6.80 | −0.1 |
| Hong Kong China | 19.40 | −0.7 |
| HK Electric | 9.30 | −0.1 |
| HK Land | 7.55 | −0.1 |
| HK Shanghai Bank | 10.00 | −0.3 |
| HK Telephone | 13.00 | −0.3 |
| Hutchison Wpa | 13.60 | −0.2 |
| Indust Equity P | 27.00 | +0.3 |
| Jardine Math | 19.80 | −0.1 |
| New World Dev | 13.60 | −0.3 |
| SHK Props | 17.50 | −0.3 |
| Shell Elec. Mfg | 1.76 | +0.01 |
| Swire Pac A | 24.30 | ...... |
| TV-B | 16.70 | −0.1 |
| Wharf Hldgs | 9.35 | ...... |
| Windsor Ind. | 18.00 | −0.2 |
| World Int Hldgs | 4.32 | −0.1 |

## JAPAN

| Aug. 24 | Price Yen | + or − |
|---|---|---|
| Ajinomoto | 3620 | +140 |
| All Nippon Air | 1980 | +30 |
| Alps Electric | 2490 | +10 |
| Asahi Chemicals | 1240 | −30 |
| Asahi Glass | 2010 | −10 |
| Bank Tokyo | 1680 | −10 |
| Bridgestone | 1130 | ...... |
| Brother Inds. | 670 | −6 |
| Canon | 1100 | +10 |
| Casio Computers | 1260 | +10 |
| Chugai Pharm | 2020 | +10 |
| Daiei | 2130 | ...... |
| Dai Ichi Kan Bank | 3520 | +40 |
| Dai Nippon Ink | 832 | ...... |
| Dai Nippon Ptg | 2200 | ...... |
| Daiwa House | 2360 | −10 |
| Daiwa Sec | 3190 | −60 |
| Eisai | 2310 | ...... |
| Fanuc | 6020 | −30 |
| Fuji Bank | 3550 | +20 |
| Fuji Film | 4550 | +70 |
| Fujisawa | 2390 | +40 |
| Fujitsu | 1270 | +10 |
| Furukawa Elect | 813 | −16 |
| Green Cross | 3120 | +20 |
| Heiwa Real Est | 2010 | −20 |
| Hitachi | 1220 | ...... |
| Hitachi Credit | 1700 | −20 |
| Honda | 1590 | −30 |
| Indl Bank Japan | 4250 | −80 |
| Ishikawajima Ha | 662 | −13 |
| Isuzu Motors | 418 | +13 |
| Itoh (C) | 730 | −9 |
| Ito Yokado | 4170 | −10 |
| JAL | 15000 | ...... |
| Jusco | 1630 | −10 |
| Kajima | 1790 | −50 |
| Kao Soap | 2190 | +30 |
| Kawasaki Steel | 305 | −5 |
| Kirin | 2610 | +10 |
| Kobe Steel | 270 | −10 |
| Komatsu | 655 | +4 |
| Konishiroku | 844 | −1 |
| Kubota | 598 | −12 |
| Kumagai | 1100 | −10 |
| Kyoto Ceramic | 6150 | −40 |
| Marubeni | 513 | ...... |
| Marui | 3380 | +20 |
| Mazda Motors | 436 | +1 |
| Meiji Seika | 1180 | +10 |
| MEI | 2410 | +30 |
| M'bishi Bank | 3340 | −100 |
| M'bishi Chem | 1160 | −10 |
| M'bishi Corp | 1270 | −20 |
| M'bishi Elec | 630 | +21 |
| M'bishi Estate | 2700 | ...... |
| MHI | 622 | −12 |
| Mitsui Bank | 2790 | +70 |
| Mitsui Co. | 793 | +7 |
| Mitsui Estate | 2390 | −30 |
| Mitsui Toatsu | 720 | −9 |
| Mitsukoshi | 1710 | −20 |
| NGK Insulators | 990 | +9 |
| Nikko Sec | 2640 | −40 |
| Nippon Denso | 1570 | +50 |
| Nippon Elect. | 1920 | ...... |
| Nippon Express | 1260 | −40 |
| Nippon Gakki | 1780 | −20 |
| Nippon Kogaku | 1100 | ...... |
| Nippon Kokan | 300 | −7 |
| Nippon Oil | 1380 | +10 |

## JAPAN (Continued)

| Aug. 24 | Price Yen | + or − |
|---|---|---|
| Nippon Seiko | 605 | −3 |
| Nippon Shimpan | 1350 | −20 |
| Nippon Steel | 348 | −6 |
| Nippon Suisan | 630 | +10 |
| Nippon Yusen | 585 | −13 |
| Nissan Motor | 715 | −4 |
| Nisshin Flour | 1290 | −20 |
| Nomura | 4940 | +20 |
| Olympus | 1180 | +30 |
| Onada Cement | 850 | −15 |
| Orient Finance | 1650 | +70 |
| Orient Leasing | 3960 | +40 |
| Pioneer | 3140 | +10 |
| Ricoh | 1250 | +60 |
| Sankyo | 2030 | +120 |
| Sanwa Bank | 2990 | −10 |
| Sanyo Elect | 515 | ...... |
| Sapporo | 1980 | −20 |
| Sekisui House | 2400 | ...... |
| Seven-Eleven | 8100 | −50 |
| Sharp | 1210 | +10 |
| Shimizu Const. | 1010 | +10 |
| Shionogi | 1760 | +30 |
| Shiseido | 2210 | −30 |
| Showa Denko | 665 | −15 |
| Sony | 4980 | +20 |
| S'tomo Bank | 4070 | −30 |
| Sumitomo Chem | 900 | −14 |
| Sumitomo Corp | 1060 | ...... |
| S'tomo Elect | 1670 | ...... |
| S'tomo Metal | 251 | −6 |
| Taisei Corp | 1100 | −10 |
| Taisho Marine | 1500 | +10 |
| Taiyo Kobe Bank | 1700 | +40 |
| Takeda | 3290 | ...... |
| TDK | 5040 | +90 |
| Teijin | 900 | −6 |
| Toa Nenryo Kyo | 2080 | ...... |
| Tokai Bank | 2500 | ...... |
| Tokyo Marine | 2350 | +40 |
| Tokyo Elect Pwr | 6770 | −60 |
| Tokyo Gas | 1130 | −40 |
| Tokyu Corp | 1560 | −40 |
| Toppan Print | 1590 | −30 |
| Toray | 812 | −8 |
| Toshiba Elect | 655 | +2 |
| Toyo Seikan | 2850 | −20 |
| Toyota Motor | 2000 | −10 |
| UBE Inds | 476 | +2 |
| Victor | 2950 | −50 |
| Yamaha | 835 | −6 |
| Yamaichi Sec | 2660 | −30 |
| Yamanouchi | 4830 | +40 |
| Yamazaki | 1650 | +30 |
| Yasuda Fire | 1270 | +10 |

## SINGAPORE

| Aug. 24 | Price $ | + or − |
|---|---|---|
| Boustead Hldgs | 2.16 | +0.06 |
| Cerebos Pacific | 7.95 | −0.05 |
| Cold Storage | 5.85 | +0.6 |
| DBS | 16.80 | +0.3 |
| Genting | 7.25 | +0.2 |
| Haw Par Bros | 6.20 | +0.1 |
| Hong Leong Fin. | 4.76 | +0.1 |
| Inchcape Bhd | 6.65 | +0.25 |
| Keppel Shipyard | 4.20 | +0.04 |
| Malay Banking | 8.40 | +0.2 |
| Malayan Utd. Ind. | 2.78 | −0.01 |
| Multi Purpose | 0.75 | ...... |
| OCBC | 10.80 | +0.3 |
| OUB | 5.85 | +0.15 |
| Public Bank | 2.97 | −0.01 |
| Sime Darby | 3.60 | +0.1 |
| Singapore Air | 14.80 | +0.3 |
| Singapore Press | 10.60 | +0.3 |
| Straits Trading | 5.80 | +0.05 |
| Tat Lee Bank | 4.68 | +0.1 |
| UOB | 8.00 | +0.15 |

## SOUTH AFRICA

| Aug. 24 | Price Rand | + or − |
|---|---|---|
| Abercom | 2.85 | −0.05 |
| AE & CI | 16.50 | ...... |
| Allied Tech. | 180.00 | ...... |
| Anglo Am Coal | 36.75 | ...... |
| Anglo Am Corp | 88.25 | −0.25 |
| Anglo Am Gold | 408.50 | ...... |
| Barclays Bank | 21.50 | +0.25 |
| Barlow Rand | 27.00 | ...... |
| Buffels | 75.00 | −0.5 |
| CNA Gallo | 6.00 | ...... |
| Currie Finance | 5.40 | +0.2 |
| De Beers | 52.75 | ...... |
| Driefontein | 90.00 | −1 |
| Freegold | 56.00 | −0.25 |
| Gold Fields SA | 96.00 | ...... |
| Highveld Steel | 7.70 | ...... |
| Malcor Hldgs | 23.50 | +0.65 |
| Nedbank | 7.65 | −0.2 |
| OK Bazaars | 19.00 | ...... |
| Rembrandt | 13.40 | −0.1 |
| Rust Plat | 58.62 | −0.38 |
| Safren | 32.25 | ...... |
| Sage Holdings | 18.50 | −0.75 |
| SA Brewers | 24.50 | ...... |
| Smith (C.G.) | 45.50 | ...... |
| Tongaat Hulett | 15.00 | ...... |

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

# CANADA

## TORONTO

*Prices at 2.30pm August 24*

| Sales | Stock | High | Low | Close | Chng |
|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 1500 | Celanese | [illegible] | 23 | [illegible] | [illegible] |
| 8100 | CentFd A | [illegible] | 9 | 9 | |
| 700 | Centrl Tr | $23 | 23 | 23 | − ¼ |
| 500 | Chieftan | $13¼ | 13¼ | 13¼ | − ½ |
| 73678 | Cominco | $21⅞ | 21⅝ | 21½ | [illegible] |
| 31200 | Computing | [illegible] | 8½ | 8½ | − ¼ |
| 8750 | Comput In | 310 | 300 | 300 | − 10 |
| 16700 | Con Bath A | $21 | 20¾ | 20¾ | − ⅜ |
| 54700 | CDistb B f | 455 | 450 | 450 | − 5 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 33589 | LL Lac | $48¼ | 47¾ | 47¾ | |
| 8720 | Lacana | $20⅝ | 20⅛ | 20⅝ | |
| 6100 | Laidlaw A | $22 | 21½ | 21½ | − ⅜ |
| 63500 | Laidlw B f | $21¼ | 20¾ | 21 | − ⅛ |
| 42836 | Leighinst | [illegible] | [illegible] | 8½ | |
| 5250 | Loblaw Co | $15¾ | 15⅝ | 15¾ | + ⅛ |
| 4850 | Lumonics | $9⅞ | 9¾ | 9¾ | − ¼ |
| 1000 | MICC | $17 | 17 | 17 | − ⅛ |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 2400 | SHL Syst | $30 | 29⅞ | 29⅞ | − ⅛ |
| 350 | StL CemA f | $30¼ | 30 | 30¼ | |
| 27849 | Sceptre | $5⅛ | 5 | 5⅛ | − ⅛ |
| 2700 | Scot Paper | $20 | 20 | 20 | − ½ |
| 5450 | Scotts f | $14⅝ | 14⅜ | 14½ | − ¼ |
| 200 | Scotts C | $14½ | 14½ | 14½ | − ½ |
| 24711 | Seagram | $106½ | 105⅛ | 105¼ | − ¼ |
| 21750 | Sears Can | $12¼ | 12⅛ | 12⅛ | − ⅛ |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 23290 | Provigo | $12½ | 12 | 12¼ | − ⅛ |
| 9300 | Repap Entr | $16⅞ | 16½ | 16⅝ | |
| 600 | RollandB | $23 | 23 | 23 | |
| 34229 | Royal Bank | $34½ | 34⅛ | 34¼ | |
| 3240 | SteinbrgA | $39½ | 38¾ | 39¼ | |
| 7345 | Videotron | $14¾ | 14½ | 14¾ | |

F—No voting rights or restricted voting rights.

## MONTREAL

*Closing prices August 24*

| Sales | Stock | High | Low | Close | Chng |
|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

(a) Sales 9,821,310 shares

# OVER-THE-COUNTER *Nasdaq national market, closing prices*

| Stock | Sales (Hnds) | High | Low | Last | Chng |
|---|---|---|---|---|---|
| Continued from Page 33 | | | | | |
| OldrTP 2.52 | 13 | 21 | 41¼ | 40⅞ | 41¼ + ½ |
| Ovrshl.36 | 15 | 71 | 21½ | 21¼ | 21½ + ¼ |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Raxon | | 18 | 176 | 10 | 9⅝ |
| RayRy .78 | | 18 | 249 | 37¼ | 36¾ |
| RhonPl | | | 6 | 36⅞ | 36⅝ |
| Ribilm | | | 416 | 6½ | 6¼ |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Speedy | 61 | 309 | 45 | 44⅝ | 44⅞ + ¼ |
| StdMic | | 447 | 16 | 15½ | 15¾ − ⅜ |
| StdRegs .44 | 24 | 301 | u28½ | 27⅝ | 28¼ + ½ |
| StrptSv1.42t | | 185 | 19 | 18¼ | 19 + ½ |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| US Tr | 1 | 14 | 57 | 44 | 43⅞ + ¼ |
| UStatn .24 | | 20 | 80 | 19¼ | 19 − ¼ |
| UVaBk 1.04 | | 13 | 406 | 31⅝ | 30⅞ / 31⅛ + ¼ |
| UnvFrs.05e | | 17 | 836 | 19½ | 19 / 19⅛ |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

# Indices

## NEW YORK-DOW JONES

| | August 24 | August 21 | August 20 | August 19 | August 18 | August 17 | 1986/87 High | 1986/87 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrials | 2,707.75* | 2,709.50 | 2,706.79 | 2,665.82 | 2,654.66 | 2,700.57 | 2709.50 (21/8/87) | 1927.31 (2/1) | 2709.50 (21/8/87) | 41.22 (2/7/32) |
| Transport | 1,081.88* | 1,088.67 | 1,088.74 | 1,075.87 | 1,075.47 | 1,080.82 | 1101.16 (14/8) | 816.38 (2/1) | 1101.16 (14/8) | 12.32 (8/7/32) |
| Utilities | 208.16* | 210.58 | 211.88 | 2,088.16 | 208.84 | 212.19 | 227.83 (22/1/87) | 191.38 (28/5) | 227.83 (8/4/87) | 10.5 (8/4/32) |
| Trading vol | – | 188.58m | 187.422m | 181.813m | 200.353m | 168.654m | – | – | – | – |

| | August 14 | August 7 | July 31 | Year Ago (Approx) |
|---|---|---|---|---|
| Ind Div Yield % | 2.54 | 2.62 | 2.66 | 3.65 |

### STANDARD AND POOR'S

| | | | | | 1986/87 High | 1986/87 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|
| Composite‡ | 335.90 | 334.84 | 329.83 | 329.25 | 335.90 (21/8) | 246.45 (2/1) | 335.90 (21/8/87) | 4.40 (1/6/32) |
| Industrials | 392.34 | 390.96 | 384.75 | 383.61 | 392.34 (21/8) | 274.58 (2/1) | 392.34 (21/8/87) | 3.62 (21/6/32) |
| Financials | 32.25 | 32.27 | 31.86 | 31.87 | 32.41 (13/8) | 25.97 (29/5) | 32.41 (13/8/87) | 8.64 (1/10/74) |

| | August [illegible] | August 13 | August 5 | Year Ago (Approx) |
|---|---|---|---|---|
| Ind div yield % | 2.25 | 2.33 | 2.32 | 2.89 |
| Ind. P/E Ratio | 23.69 | 23.92 | 24.62 | 18.34 |
| Long Gov Bond Yield | 7.52 | 8.35 | 8.55 | 8.82 |

### N.Y.S.E. ALL COMMON

| August 24 | August 21 | August 20 | August 19 | 1987 High | 1987 Low |
|---|---|---|---|---|---|
| 186.86* | 187.51 | 187.04 | 184.38 | 187.51 | 141.91 |

### RISES AND FALLS

| | August 21 | August 20 | August 19 |
|---|---|---|---|
| Issues traded | 2,011 | 1,987 | 1,983 |
| Rises | 889 | 1,234 | 775 |
| Falls | [illegible] | [illegible] | 735 |
| Unchanged | [illegible] | [illegible] | 483 |

### NYSE-Consolidated 1500 Actives

| Stocks | Traded | Closing Prices | Change on Day | Stocks | Traded | Closing Prices | Change on Day |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | − ⅛ | [illegible] | [illegible] | [illegible] | [illegible] |
| AT & T | [illegible] | [illegible] | − ½ | [illegible] | [illegible] | [illegible] | [illegible] |
| ACM Govt Inc Fd | [illegible] | [illegible] | + ⅝ | [illegible] | [illegible] | [illegible] | [illegible] |
| Philip Morris | [illegible] | [illegible] | − ⅞ | [illegible] | [illegible] | [illegible] | [illegible] |
| RJR Nabisco | [illegible] | [illegible] | + 1⅝ | [illegible] | [illegible] | [illegible] | [illegible] |

### TORONTO

| | 1987 | | | | | | |
|---|---|---|---|---|---|---|---|
| Metals & Minls | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] (2/1/86) | |
| Composite | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] (2/1/86) | |
| MONTREAL Portfolio | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] (2/1/85) | |

* Indicates pre-close figure

| | Aug. 24 | Aug. 21 | Aug. 20 | Aug. 19 | 1987 High | 1987 Low |
|---|---|---|---|---|---|---|
| **AUSTRALIA** | | | | | | |
| All Ord (1/1/80) | 2085.6 | 2087.6 | 2085.2 | 2103.1 | 2114.5 (14/8) | 1486.7 (2/2) |
| Metals & Minerals (1/1/80) | 1327.5 | 1342.6 | 1359.6 | 1384.9 | 1453.3 (4/8) | 729.1 (2/1) |
| **AUSTRIA** | | | | | | |
| Credit Aktien (30/12/84) | 213.02 | 211.88 | 213.26 | 214.66 | 230.60 (2/1) | 182.21 (19/6) |
| **BELGIUM** | | | | | | |
| Brussels SE (1/1/84) | 5381.00 | 5380.1 | 5352.40 | 5365.60 | 5415.20 (13/8) | 3987.86 (9/1) |
| **DENMARK** | | | | | | |
| Copenhagen SE (3/1/83) | (u) | 212.19 | 211.06 | 211.70 | 217.57 (22/1) | 189.64 (6/1) |
| **FINLAND** | | | | | | |
| Unitas General (1975) | 627.3 | 627.9 | 626.1 | 625.0 | 627.9 (21/8) | 425.2 (5/1) |
| **FRANCE** | | | | | | |
| CAC General (31/12/82) | 415.5 | 411.4 | 409.80 | 406.80 | 460.4 (26/3) | 392.0 (2/1) |
| Ind Tendance (31/12/86) | 107.4 | 107.0 | 105.90 | 105.10 | 117.2 (26/3) | 97.8 (2/1) |
| **GERMANY** | | | | | | |
| FAZ Aktien (31/12/58) | 658.27 | 660.89 | 660.19 | 656.97 | 676.84 (6/1) | 538.32 (19/5) |
| Commerzbank (1/12/53) | 2026.5 | 2031.60 | 2029.40 | 2022.20 | 2061.10 (17/8) | 1633.8 (19/3) |
| **HONG KONG** | | | | | | |
| Hang Seng Bank (31/7/64) | 3391.26 | 3446.59 | 3408.01 | 3450.64 | 3557.43 (12/8) | 2449.88 (20/1) |
| **ITALY** | | | | | | |
| Banca Com. Ital (1972) | (u) | 615.36 | 616.24 | 607.15 | 767.34 (30/4) | 607.15 (19/8) |
| **JAPAN**** | | | | | | |
| Nikkei (16/5/49) | 25754.13 | 25559.18 | 25396.57 | 25231.59 | 25929.42 (17/6) | 18544.0 (13/1) |
| Tokyo SE New (4/1/68) | 2161.24 | 2129.31 | 2107.84 | 2091.42 | 2258.56 (11/6) | 1557.46 (13/1) |
| **NETHERLANDS** | | | | | | |
| ANP CBS Gen (1970) | 325.5 | 325.40 | 324.40 | 322.40 | 334.10 (14/8) | 257.7 (28/1) |
| ANP CBS Indust. (1970) | 275.8 | 275.80 | 274.50 | 272.20 | 280.80 (11/8) | 243.7 (28/1) |
| **NORWAY** | | | | | | |
| Oslo SE (4/1/83) | 537.52 | 539.47 | 529.92 | 515.89 | 539.47 | 361.98 (2/1) |
| **SINGAPORE** | | | | | | |
| Straits Times (30/12/66) | 1471.73 | 1436.04 | 1429.60 | 1432.90 | 1491.20 (12/8) | 889.08 (2/1) |
| **SOUTH AFRICA** | | | | | | |
| JSE Gold (28/9/78) | (u) | 2314.0 | 2337.0 | 2299.0 | 2499.0 (3/8) | 1786.0 (19/3) |
| JSE Indust (28/9/78) | (u) | 2218.0 | 2220.0 | 2222.0 | 2226.0 (14/8) | 1423.0 (2/1) |
| **SPAIN** | | | | | | |
| Madrid SE (30/12/85) | 289.09 | 286.34 | 286.22 | 285.34 | 294.57 (4/8) | 202.89 (8/5) |
| **SWEDEN** | | | | | | |
| Jacobson & P. (31/12/56) | 3057.80 | 3030.20 | 3022.20 | 3005.20 | 3057.80 (24/8) | 2111.39 (28/1) |
| **SWITZERLAND** | | | | | | |
| Swiss Bank Ind. (31/12/58) | 673.7 | 678.70 | 675.70 | 673.50 | 685.00 (14/8) | 559.7 (25/2) |
| **WORLD** | | | | | | |
| M.S.Capital Intl. (1/1/70) | (u) | 493.3 | 487.7 | 481.9 | 493.3 (21/8) | 361.3 (2/1) |

**Saturday August 22: Japan Nikkei: 25764.99.

Base values of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia, All Ordinary and Metals—500; NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

### LONDON – Most Active Stocks
**Monday, August 24, 1987**

| | Stocks Traded | Closing Price | Change on Day | | Stocks Traded | Closing Price | Change on Day |
|---|---|---|---|---|---|---|---|
| Racal | 11.8m | 316½ | + 4 | ASDA-MFI | 5.9m | 194 | + 4 |
| Hanson Tr. | 9.8m | 198 | + 4½ | BP | 5.6m | 341 xd | − 7½ |
| Rls Royce | 9.8m | 118 | + 3 | Brit Gas | 5.2m | 169 | − 2 |
| Storehouse | 6.9m | 385 | +12 | Sears | 5.2m | 167 | + 8 |
| Marks & Spncr | 6.1m | 235½ | + 2½ | Bee Corp | 4.8m | 225 | + 8 |

### TOKYO – Most Active Stocks
**Monday, August 24, 1987**

| | Stocks Traded | Closing Prices | Change on Day | | Stocks Traded | Closing Prices | Change on Day |
|---|---|---|---|---|---|---|---|
| Kawasaki Steel | 22.84m | 305 | − 5 | Mitsubishi Heavy Ind. | 14.40m | 622 | − 12 |
| Nippon Steel | 21.67m | 348 | − 6 | Mitsubishi Metal | 12.99m | 875 | − 20 |
| Nisshin Steel | 17.85m | 495 | − 15 | Yodogawa Steel W. | 12.34m | 987 | + 12 |
| Mitsubishi Petrochem | 17.81m | 1,288 | + 40 | Ishikawajima-Harima | 11.25m | 662 | − 13 |
| Mitsubishi Electric | 14.68m | 630 | + 21 | Aichi Steel Works | 10.57m | 685 | + 19 |

## LONDON Chief price changes (in pence unless otherwise indicated)

**RISES:**

| | | |
|---|---|---|
| Trs. 11¾pc 2003/07 | £112⁷⁄₁₆ | + ⅟₁₆ |
| Argyll Gr. | 425xd | +12 |
| BAT Inds | 639 | +14 |
| Barclays | 560 | +11 |
| B'ham Mint | 253 | +17 |
| Bl.Circle | 474 | +10 |
| C. Schwps | 266 | + 8 |
| French Connec. | 230 | +28 |
| Glyn. Intl | 519 | +13 |
| H. Siddeley | 599 | +31 |
| Hill Sam. | 691 | +17 |
| Jackson Expln. | 35 | + 8 |
| Land Secs | 523 | +13 |
| Lndn & Mnchstr | 313 | + 8 |
| Low & Bonar | 304 | +16 |
| Mersey Dock Units | 203 | +25 |
| Morg. Grenfell | 573 | +23 |
| NatWest Bnk | 723 | +11 |
| Next | 84 | + 7 |
| Phicom | 84 | + 7 |
| Rowntree | 575 | +18 |
| Stew. Wrightson | 584 | +16 |
| Tate & Lyle | 848 | +20 |
| W. Faber | 388 | +10 |

**FALLS:**

| | | |
|---|---|---|
| Bp | 341xd | − 7½ |
| Britoil | 308 | − 8 |
| Enterpr. Oil | 278 | −13 |
| Magnet & Southns | 272 | −56 |

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Continued on Page 33

# NYSE COMPOSITE CLOSING PRICES

Continued from Page 32

# AMEX COMPOSITE CLOSING PRICES

# OVER-THE-COUNTER *Nasdaq national market, closing prices*

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in-full. yld-yield. z-sales in full.



Continued on Page 31

# FINANCIAL TIMES

## WORLD STOCK MARKETS

### AMERICA

# Dow trimmed by worries over dollar stability

### WALL STREET

FURTHER DECLINES in the dollar caused a small erosion of Wall Street stock and bond markets yesterday in light trading, *writes Roderick Oram in New York.*

Intervention by the Bank of Japan stabilised the dollar and allowed stock and bond prices to recover initially from their weak opening. They drifted lower, however, during the afternoon.

The Dow Jones industrial average closed down 12.44 points at 2,697.07. At its worst it was off more than 16 points.

Broader market indices performed less well with the Standard & Poor's 500 index off 2.37 points at 333.53 and the New York Street Exchange composite index down 1.24 at 186.27.

NYSE volume was light by recent standards with 150.3m shares changing hands. The number of issues declining outpaced those advancing by a ratio of almost two-to-one. Profit-taking and futures related selling were factors in the decline but institutions were not big players yesterday.

Among the Dow Industrials, American Express was off $⅝ to $38⅛, Coca-Cola added $⅛ to $51, AT&T slipped $⅛ to $34⅛, Eastman Kodak rose $⅛ to $103⅛, IBM edged down $⅛ to $174⅜ and McDonald's fell $1⅜ to $58⅝.

Although stock prices backed away from their record highs, the predominant feeling on Wall Street is that further advances are possible once the dollar finds a more permanent stability rather than one based mostly on central bank intervention.

Among yesterday's strongly rising stocks, Boeing gained $1⅜ to $53⅛. It will save on expenditures following its decision to postpone development of its 757 prop-fan aircraft because of a lack of orders.

Tobacco stocks made further progress. They had risen strongly on Friday following another court setback for a suit claiming that health warnings on cigarette packets were inadequate. Philip Morris added $1⅜ to $113⅛ and RJR Nabisco gained $1⅛ to $65½ although American Brands, the object of the suit, fell $⅝ to $54½.

Western Federal Savings and Loan jumped $13⅝ to $37⅛. It agreed to a $41 a share takeover offer from D.P. Holdings, an investment group including Mr William Simon, a former US Treasury Secretary, which is building a Pacific rim financial services empire.

A further sharp fall in oil prices left oil stocks weaker. Exxon gave up $1⅜ to $97⅞, Chevron lost $1¼ to $58⅝, Amoco eased down $⅝ to $81½ and Mobil fell $1 to $50. However, Ashland rose $1⅜ to $70½ following favourable comments from Goldman Sachs' analyst.

SmithKline Beckmann, off $¼ to $65½, offered $10.35 a share for International Hydron which slipped $⅝ to $⅝ on the American Stock Exchange where 10 per cent of its shares are listed. The remainder are held by National Patent Development which was unchanged at $13⅜.

National Distillers & Chemical soared $4½ to $79⅝. It began rising sharply last week on rumours that it was a takeover candidate.

Duro-Test gained $1⅜ to $16⅝. An investment group offered $16 a share for the major manufacturer of light bulbs.

Credit markets opened weaker because of the dollar's fall overnight abroad but moderate intervention by the Bank of Japan stabilised the currency which in turn initially allowed bonds to recover in New York.

The price of the benchmark 8.875 per cent Treasury long bond fell about ½ of a point at the Wall Street opening but by late afternoon it was down ⅛ of a point at 98⅝ yielding 8.98 per cent. Other prices were little changed.

The performance of the credit markets is likely to remain tightly linked to the dollar, which in turn is holding steady only because of intervention.

### CANADA

A WAVE of selling in energy stocks sent prices in Toronto lower in mid-session trading. Shell Canada declined C$1½ to C$45½, Gulf Canada lost C$⅝ to C$23⅝ and Texaco Canada shed C$⅛ to C$37⅛.

Banks were narrowly mixed after posting declines late last week. Canadian Imperial Bank of Commerce, which last week announced a C$302m issue of new common shares, lost C$⅛ to C$22⅛. Royal Bank advanced C$⅛ to C$34½ and Bank of Montreal was off C$⅛ at C$32⅝.

Placer Dome gained C$1 to C$28 after agreeing to support Amoco's bid for Dome Petroleum.

### SOUTH AFRICA

A VERY QUIET session in Johannesburg saw share prices generally unchanged to lower as the steady bullion price offered little impetus and foreign investors stayed sidelined.

Industrials were mixed, with Barlow Rand adding 25 cents to R27.25 and Sasol down 50 cents at R14.25.

Among golds, Vaal Reefs lost R10 to R458, Randfontein fell R3 to R441 and Kloof shed R1 to R51. Freegold moved against the trend with a 35 cent gain to R56.60.

De Beers was steady at R52.75 and Impala Platinum unchanged at R54.50, while mining financials saw Anglo American lose 25 cents to R88.25.

Clive Wolman on the first day of a new era

# Nomura makes debut in UK shares


Tony White

NOMURA, the world's largest securities firm, yesterday began making markets in London in 10 leading UK equities in what is expected to be the start of a growing Japanese involvement in the domestic securities market.

The entry of the Japanese is regarded with apprehension by many of the existing securities firms who regard the London market, with 34 market-makers in equities and 26 in gilt-edged stocks, as overcrowded and excessively competitive.

Nomura, whose market-making team is headed by Mr Tony White, an experienced jobber, says that it expects at least 50 per cent of its business to come not from existing investors but from its 4m Japanese investment clients, in particular the larger institutional and corporate investors. Until recently, few have been willing to invest any of their money outside Japan except in US fixed interest stocks.

Yesterday, however, most of Nomura's business came from UK institutional investors, dealing directly with the market-makers, and from other UK stockbrokers acting on behalf of clients.

Nomura quoted fairly aggressive prices in five of its stocks, Glaxo, ICI, Reuter, Jaguar and Allied Lyons. The other five stocks in which it makes markets are Beecham, British Gas, British Telecom, Cable and Wireless and Fisons. All these are relatively well known to Japanese investors.

The five strong market-making team is backed up by six researchers, about eight institutional salesmen and eight settlements staff, nearly all of whom have been recruited locally rather than from Japan. Nomura's total London staff numbers about 500, most of whom work in the Euromarkets and in servicing UK investors in Japanese stocks.

The firm plans to increase its team of equity researchers to about 15 over the next year and to add steadily to the number of stocks in which it makes markets. Its London office will also start making markets in other European equities, particularly in industrial sectors in which UK companies are not well represented.

Nomura may also apply to become one of the new gilt-edged market-makers in October when restrictions are lifted. The company became the first and only Japanese member of the stock exchange in March 1986, but until yesterday only as an agency broker.

# Prouvost's advance clothed in confusion

By George Graham in Paris

SHARES IN Prouvost, the French wool dealer and textiles group, rose strongly in vigorous trading on the Paris bourse yesterday amid considerable confusion about the company's future.

More than 72,000 shares changed hands and the price climbed FFr23 to FFr469, while DMC, another textile concern, also gained ground, partly in Prouvost's wake.

Dealers remained uncertain about the next move by Chargeurs, the transport to television group which last week declared a stake of nearly 25 per cent in Prouvost.

Mr Jerome Seydoux, president of Chargeurs, has been invited to state his intentions by the Commission des Opérations de la Bourse (COB), the French stock exchange regulatory authority. There might then follow a full bid for Prouvost or a procedure for guaranteeing its share price for 15 trading days.

The COB has come in for considerable criticism in recent days for failing to show its teeth, either to Mr Seydoux or over the sale of Sir James Goldsmith's controlling stake in Générale Occidentale to the recently privatised Compagnie Générale d'Electricité.

With the new national obsession for protecting small shareholders – who now number 5m after the success of the privatisation programme – both these operations have been viewed by the French financial press as little short of manipulation.

Regulators have replied, however, that French legislation neithe compels a company to declare its intentions once it has acquired a 5 per cent stake, as in the US, nor forces it to make a full bid once it has passed a higher threshold, as in Canada or the UK.

### EUROPE

# Milan slides to new low as Stockholm hits high

THE ITALIAN and Swedish markets provided the only trough and peak in an otherwise flat European landscape yesterday. Dollar-watching prompted caution on major bourses, thinning already quiet summer activity.

Milan dived to a new 1987 low as concerns over the Italian economy resurfaced to depress prices after a respite of two upward sessions last week.

The MIB index, base January 2 1987 equals 1,000, lost 20 to 830 in moderate trading and all the gains posted on Thursday and Friday were erased in widespread selling. The previous year's low of 839 was posted on August 19.

The announcement of a L553bn deficit in the balance of payments for July and continuing fears of a rise in interest rates discouraged investors.

Major industrial holding companies were hardest hit, notably IFI which lost L1,140 to L21,240.

Fiat declined L380 to L10,270 before sliding to L10,175 in after-hours trading.

Chemical concern Montedison lost L69 to L2,140 and computer maker Olivetti was down L310 to L10,840.

Stockholm climbed to its fifth consecutive record in heavy trading encouraged by lower interest rates. The J&P index moved up 35.6 to 3,057.8 in heavy volume worth SKr441m.

Construction and property issues led most sectors upwards but forestry concerns posted slight declines.

Volvo continued to rise on hopes of higher earnings and closed up SKr7 at SKr385. Among other blue chips, Ericsson, which announced a drop in first-half profits, declined SKr7 to SKr 261. Electrolux was up SKr7 at SKr330 and Saab-Scania gained SKr2 to SKr258.

Frankfurt saw an extremely quiet session with some moderate losses as a still shaky dollar provoked some light profit-taking. The Commerzbank index lost 5.1 to 2,026.5.

The little activity focused on blue chips. In chemicals BASF fell DM4.40 to DM334.40 and Hoechst eased DM4.40 to DM327.80.

Siemens fell DM8.90 to DM666.10 on expectations of weaker earnings.

Banks were easier, led lower by Dresdner which shed DM6.50 to DM358. Deutsche Bank lost DM3.70 to DM697.80 and Commerzbank was off DM1.50 at DM300.50.

Cars ended mixed. BMW was unchanged at DM755, Daimler lost DM5.50 to DM1,148.50 and VW rose 70 pfg to DM402.70.

Bonds closed narrowly mixed after a quiet session. The Bundesbank sold DM44.1m of paper after buying DM32.4m on Friday.

Amsterdam reacted to the easier dollar and closed lower after early advances in export-oriented stocks. The ANP-CBS index inched up 0.1 to 325.5 at midsession and did not reflect the late sell-off and profit-taking.

Royal Dutch led the decline, slipping Fl 5.30 to Fl 273.20. Other international blue chips showed losses with Akzo down 80 cents at Fl 175.00, KLM off 20 cents at Fl 55.80 and Unilever Fl 2.00 lower at Fl 142.00.

Banks were in demand. ABN advanced Fl 4.50 to Fl 510 and Amro rose Fl 1 to Fl 90.

Trading in Major Markets Index US options started on Amsterdam's European Options Exchange with a volume of 559 contracts.

Zurich succumbed to light profit-taking after last week's advances and share prices were also weakened by the lower dollar which kept investors sidelined.

The Crédit Suisse index slipped 1.4 to 593.0 in light activity.

Towards the close buying picked up to lift blue chips off their earlier lows. Major banks traded slightly lower although Bank Baer added SFr150 to SFr24,900 and Vontobel was SFr50 higher at SFr16,350.

Chemicals were weaker but off the day's lows. Ciba Geigy ended SFr90 down at SFr3,900 and Sandoz bearers were unchanged at SFr14,850.

Foods were lower with Jacobs Suchard off SFr75 at SFr9,775 and Nestlé down SFr100 at SFr10,600.

Paris firmed in moderate volume on largely technical factors as the new accounting month began. The CAC index gained 4.1 to 415.5.

Blue chips were in good demand in light foreign buying interest. Peugeot advanced FFr29 to FFr1,588 and Thomson-CSF rose FFr44 to FFr1,265.

Brussels closed mixed with the index inching up 0.84 to 5,381.01 in moderate trading as investors returned from their holidays.

Petrofina continued its recent buoyancy on news of oil and gas finds in the North Sea and added BFr50 to a record BFr14,175.

Oslo moved lower as the price for its North Sea oil slipped below $18 a barrel. The all-share index dropped 2.28 to 395.64 on turnover of NKr112m.

Saga Petroleum led oil issues lower with a decline of NKr3 to NKr120.50.

In industrials, Norsk Hydro shed NKr4 to NKr239.50 and Norsk Data A shares fell NKr3 to NKr275.50.

Madrid moved higher led by strong advances in steel and construction issues. Prices were firmer in most sectors.

### LONDON

THE UK securities markets continued to recover from last week's shake-up but caution prevailed. Equities opened the extended three-week trading account firmly, posting a 30-point rise at midsession.

A slow start on Wall Street halved the early gains but the market steadied towards the close. The FT-SE 100 index rose 19.3 to 2,225.1 and the FT Ordinary index added 24.9 to 1,752.1. The bond market moved forward on short covering. Details, Page 30.

### ASIA

# Investors pause for breath after sharp recovery

### TOKYO

INVESTORS in Tokyo retreated to the sidelines yesterday as caution set in following the sharp rises of late last week and prices slipped in very thin trading, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei stock average of 225 select issues dipped 10.66 to 25,754.33. Turnover nose dived from 1,431.58m shares in Friday's full session to 624.83m. Advances outnumbered declines by 454 to 423, with 155 issues unchanged.

The average, which tumbled a steep 3,227 from the high of 25,929 lat June 27 to a low of 22,702 on July 22, recouped 94 per cent of the loss by last Saturday, causing investors to become more cautious of high price levels.

The yen's sharp advance against the U.S. dollar has contributed much to the stock market's fast recovery. The yen shot up to 141.12 to the dollar in the morning yesterday. But market intervention by the Bank of Japan, which pushed the currency back to the 142 range, prompted stock investors to shy away from the market.

Large-capitalisation steels and shipbuildings declined on a broad front. These issues topped the most active list for last week amid stepped-up purchasing of issues which were set to benefit from measures to expand domestic demand.

Kawasaki Steel, the most heavily traded issue in four of the six trading sessions last week with daily turnover averaging slightly less than 110m shares, continued to top the active list. But volume shrank steeply to 22.94m shares and the price fell Y5 to Y305.

Nippon Steel, which was second most active with 21.67m shares, sagged Y6 to Y348. Mitsubishi Heavy Industries went down Y12 to Y622 and Ishikawajima-Harima Heavy Industries lost Y13 to Y862.

Utilities and contractors were dull, with Tokyo Electric Power losing Y60 to Y6,770, Tokyo Gas off Y40 to Y1,130 and Kajima closing Y50 lower at Y1,790. Ohbayashi lost Y20 to Y1,050.

High technology stocks firmed on the later dip in the yen, though buying was not active because of the uncertain outlook on the foreign exchange market. Mitsubishi Electric gained Y21 to Y630 on an active volume of 14.68m shares after announcing the development of a superconducting ceramic material with the highest density.

Other leading electricals and precision instruments gained ground on small-lot buying. Ricoh rose Y80 to Y1,250, Matsushita Electric Industrial was up Y30 to Y2,410 and Sony added Y20 to Y4,980, while Fuji Photo Film finished Y70 up at Y4,550.

Among biotechnology-related issues, Sankyo added Y80 to Y2,030 and Yamanouchi Pharmaceutical rose Y40 to Y4,830.

The bond market was also strongly affected by moves on the foreign exchange market. Reflecting last week's firm tone, the yield on the benchmark 5.1 per cent government bond due in June 1996 opened at 4.205 per cent, sharply down from 4.310 per cent on Saturday.

But Central Bank intervention and the steep 0.84 percentage point yield drop in the past four sessions triggered selling in the afternoon, and the yield turned up sharply, closing at 4.400 per cent in block trading on the Tokyo stock exchange and at 4.480 per cent in inter-dealer trading.

### SINGAPORE

BARGAIN-HUNTING by local investors and cautious buying from overseas helped Singapore share prices to leap back from last week's correction. The Straits Times industrial index shot up 35.69 to 1,471.73 but turnover remained moderate.

Record export figures for July gave the market a boost, and there was also some spillover of demand from last Friday, when a power failure halved trading time. Yesterday another failure held up the closing figures.

Blue chips made the best gains, with Cold Storage rising 60 cents to S$5.85, a year's high, and 30-cent advances taking Fraser and Neave to S$11.70, OCBC to S$10.80 and Singapore Airlines to S$14.80.

### AUSTRALIA

STRONG GAINS by industrial stocks balanced falls in the mining sector to leave Sydney share prices little changed overall in moderate trading.

While the industrials index climbed 9.5 to a fresh record of 3,048.1 and the gold index fell 46.1 to 3,753.9, the All Ordinaries edged down just 2.4 to 2,085.2.

Media stocks led the industrial gains, with John Fairfax up 28 cents at A$6.24 following the increased stake taken by Mr Robert Holmes à Court. New Corp rose 40 cents to A$21.90 in advance of earnings due out this week.

Golds to fall despite a rise in bullion included Kidston, off 20 cents at A$7.10, and Western Mining, down 26 cents at A$9.30.

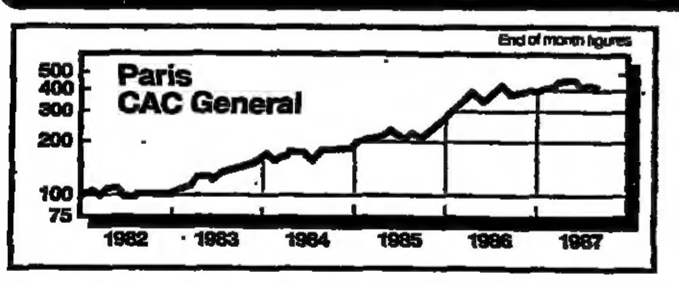
### HONG KONG

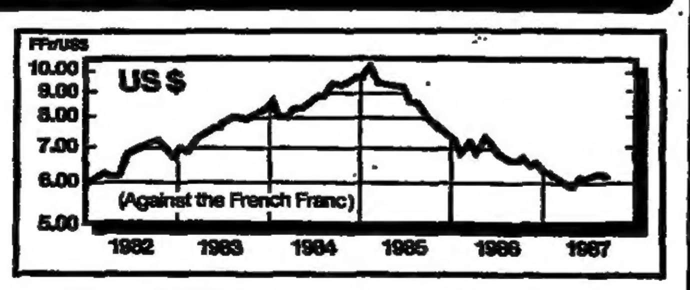
RENEWED rumours about a rights issue by the Cheung Kong group together with bearish technical signs pushed Hong Kong share prices into a steep fall as institutions sold actively.

The Hang Seng index lost 55.33 to 3,391.26 after a strong start and the Hong Kong index ended 36.45 lower at 2,222.33. Turnover amounted to HK$1.3bn.

Cheung Kong fell 30 cents to HK$12.70 and Hutchison Whampoa 20 cents to HK$13.60.

## KEY MARKET MONITORS




### STOCK MARKET INDICES

| NEW YORK | Aug 24 | Prev | Year ago |
|---|---|---|---|
| DJ Industrials | 2,707.75* | 2,709.50 | 1,887.70 |
| DJ Transport | 1,091.68* | 1,086.67 | 761.75 |
| DJ Utilities | 208.16* | 210.59 | 217.39 |
| S&P Comp. | 334.74* | 335.90 | 250.19 |
| **LONDON FT** | | | |
| Ord | 1,752.1 | 1,727.2 | 1,271.2 |
| SE 100 | 2,225.1 | 2,205.8 | 1,616.20 |
| A All-share | 1,134.37 | 1,125.31 | 798.38 |
| A 500 | 1,251.29 | 1,240.92 | 877.07 |
| Gold mines | 416.5 | 418.8 | 235.9 |
| A Long gilt | 9.94 | 10.0 | 9.44 |
| World Act. Ind (August 21) | 138.93 | 137.50 | 100.42 |
| **TOKYO** | | | |
| Nikkei | 25,754.33 | 25,559.16 | 18,441.3 |
| Tokyo SE | 2,161.24 | 2,129.31 | 1,544.13 |
| **AUSTRALIA** | | | |
| All Ord. | 2,085.6 | 2,087.6 | 1,183.9 |
| Metals & Mins. | 1,327.5 | 1,342.6 | 546.5 |
| **AUSTRIA** | | | |
| Credit Aktien | 213.02 | 211.88 | 236.11 |
| **BELGIAN SE** | 5,381.00 | 5,380.1 | 3,865.07 |
| **CANADA** | | | |
| Toronto | | | |
| Met.& Mins. | 3,302.8* | 3,336.9 | 2,015.0 |
| Composite | 4,032.9* | 4,040.4 | 3,015.7 |
| Montreal | | | |
| Portfolio | 2,013.71* | 2,015.22 | 1,505.19 |
| **DENMARK SE** | | | |
| SE | — | 212.19 | 199.90 |
| **FRANCE** | | | |
| CAC Gen | 415.50 | 411.4 | — |
| Ind. Tendance | 107.40 | 107.0 | 96.56 |
| **WEST GERMANY** | | | |
| FAZ-Aktien | 658.27 | 660.89 | 691.73 |
| Commerzbank | 2,026.50 | 2,031.60 | 2,091.0 |
| **HONG KONG** Hang Seng | 3,391.26 | 3,446.59 | 1,946.03 |
| **ITALY** Banca Comm. | (n/a) | 615.36 | 914.11 |
| **NETHERLANDS** ANP CBS | | | |
| Gen | 325.50 | 325.40 | 265.9 |
| Ind | (uch) | 275.80 | 299.5 |
| **NORWAY** Oslo SE | 537.52 | 539.47 | 358.55 |
| **SINGAPORE** Straits Times | 1,471.70 | 1,436.04 | 811.34 |
| **SOUTH AFRICA** JSE | | | |
| Golds | – | 2,314.0 | 1,549.0 |
| Industrials | – | 2,218.0 | 1,297.0 |
| **SPAIN** Madrid SE | 289.09 | 286.34 | 183.92 |
| **SWEDEN** J & P | 3,057.80 | 3,030.20 | 2,549.76 |
| **SWITZERLAND** Swiss Bank Ind | 673.70 | 678.70 | 558.7 |

### COMMODITIES (London)

| | August 24 | Prev |
|---|---|---|
| Silver (spot fixing) | 467.60p | 469.75p |
| Copper (cash) | £1,018.50 | £1,057.50 |
| Coffee (November) | £1,281.00 | £1,271.00 |
| Oil (Brent Blend) | $17.475 | $18.25 |

### GOLD ($/oz)

| | August 24 | Prev |
|---|---|---|
| London | $459.75 | $458.00 |
| Zürich | $460.75 | $454.65 |
| Paris (fixing) | $454.71 | $453.23 |
| Luxembourg | $455.95 | $454.40 |
| New York (Dec) | $469.50 | $465.70 |

### CURRENCIES (London)

| | US DOLLAR Aug 24 | US DOLLAR Previous | STERLING Aug 24 | STERLING Previous |
|---|---|---|---|---|
| $ | – | – | 1.6310 | 1.6290 |
| DM | 1.8160 | 1.8180 | 2.9625 | 2.96 |
| Yen | 141.95 | 142.70 | 231.5 | 232.5 |
| FFr | 6.0725 | 6.0775 | 9.905 | 9.90 |
| SFr | 1.4955 | 1.5045 | 2.44 | 2.45 |
| Fl | 2.0470 | 2.0475 | 3.3375 | 3.335 |
| Lira | 1,316.5 | 1,317.5 | 2,147.25 | 2,146 |
| BFr | 37.75 | 37.85 | 61.60 | 61.65 |
| C$ | 1.3215 | 1.3255 | 2.1575 | 2.1605 |

### INTEREST RATES

| Euro-currencies (3-month offered rate) | Aug 24 | Prev |
|---|---|---|
| £ | 10⅛ | 10³⁄₁₆ |
| SFr | 3¹¹⁄₁₆ | 3¹¹⁄₁₆ |
| DM | 3¹³⁄₁₆ | 3¹³⁄₁₆ |
| FFr | 8⁵⁄₁₆ | 8⁵⁄₁₆ |
| FT London Interbank fixing (offered rate) | | |
| 3-month US$ | 7⅞ | 7⅞ |
| 6-month US$ | 7⅞ | 7¹⁵⁄₁₆ |
| US Fed Funds | 6⅝* | 6⅝ |
| US 3-month CDs | 6.70* | 6.875 |
| US 3-month T-bills | 6.95* | 6.27 |

### FINANCIAL FUTURES

| CHICAGO | Latest | High | Low | Prev |
|---|---|---|---|---|
| US Treasury Bonds (CBT) 8% 32nds of 100% | | | | |
| Aug 24 (Sept) | 89-10 | 89-16 | 89-00 | 89-09 |
| US Treasury Bills (IMM) $1m points of 100% | | | | |
| (Sept) | 93.87 | 93.91 | 93.85 | 93.91 |
| Certificates of Deposit (IMM) $1m points of 100% | | | | |
| (Sept) | — | — | — | — |
| **LONDON** | | | | |
| Three-month Eurodollar $1m points of 100% | | | | |
| (Sept) | 92.85 | 92.89 | 92.84 | 92.89 |
| 20-year Notional Gilt £50,000 32nds of 100% | | | | |
| (Sept) | 114-20 | 114-30 | 114-10 | 114-02 |

### US BONDS

| Treasury | August 24 Price | August 24 Yield | Prev Price | Prev Yield |
|---|---|---|---|---|
| 7⅞ 1989 | 99²³⁄₃₂ | 7.76 | 99²⁵⁄₃₂ | 7.74 |
| 7 1994 | 97 | 8.56 | 97 | 8.58 |
| 8½ 1997 | 99 | 8.77 | 99⁵⁄₃₂ | 8.75 |
| 8⅞ 2017 | 99²³⁄₃₂ | 8.98 | 99⁷⁄₃₂ | 8.95 |

Source: Harris Trust Savings Bank

| Treasury Index August 24 Maturity (years) | Return index | Day's change | Yield | Day's change |
|---|---|---|---|---|
| 1–30 | 163.17 | +0.23 | 6.93 | −0.03 |
| 1–10 | 154.63 | +0.12 | 6.66 | −0.03 |
| 1– 3 | 144.03 | +0.07 | 8.37 | −0.03 |
| 3– 5 | 157.57 | +0.17 | 6.71 | −0.03 |
| 15–30 | 193.58 | +0.59 | 7.76 | −0.03 |

Source: Merrill Lynch

| Corporate | August 24 Price | August 24 Yield | Prev Price | Prev Yield |
|---|---|---|---|---|
| AT&T 3⅞ July 1990 | 93.30 | 6.50 | 93.27 | 6.50 |
| SCBT South Central 10⅞ Jan 1993 | 102.0 | 10.39 | 102.00 | 10.38 |
| Phibro Sal 8 April 1996 | 90.23 | 9.70 | 89.92 | 9.75 |
| TRW 8⅞ March 1996 | 95.89 | 9.50 | 95.58 | 9.50 |
| Arco 9⅞ March 2016 | 98.83 | 10.00 | 98.36 | 10.05 |
| General Motors 8⅝ April 2016 | 82.39 | 10.00 | 81.98 | 10.05 |
| Citicorp 9⅝ March 2016 | 89.46 | 10.55 | 89.86 | 10.50 |

Source: Salomon Brothers

* Latest available figures